

**Building a sustainable future  
with decent work in Asia and the Pacific**



15th Asia and the Pacific Regional Meeting  
Kyoto, Japan, April 2011

# **Building a sustainable future with decent work in Asia and the Pacific**

**Report of the Director-General**

INTERNATIONAL LABOUR OFFICE

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## ***Preface***

### ***Building a sustainable future with decent work***

Since the last Regional Meeting, the global economy has experienced tremendous upheaval. The region was not spared the impact of the financial and economic crisis, which quickly hit the world of work, translating into squeezes on enterprises, widespread job losses, an expansion in informal employment and falling household incomes.

Economically, the region rallied relatively quickly and is currently mounting a strong economic recovery. It has shown leadership in implementing recovery strategies oriented by the compass of decent work. And there were examples of a commitment by governments, and employers' and workers' organizations, to make employment and social protection integral elements of a sustainable recovery, using the tool of social dialogue. In the face of the economic crisis, ILO constituents used the Global Jobs Pact approach, applying the Decent Work Agenda to the crisis response. The policy measures outlined in the Global Jobs Pact have inspired crisis responses in Asia and the Pacific, nationally and regionally. The opportunity of crisis was evident as concepts of green growth started to take root with potential for the promotion of decent green jobs.

Today, the region's dynamism is playing an important role in holding up a fragile global economy. In 2010, economic growth in the region is estimated to have reached 7.5 per cent, albeit with some variations, whereas the rest of the world grew by 3.1 per cent. Most recent statistics from the developing countries in the region point to expanding employment levels and a return to pre-crisis levels of unemployment. The relatively rapid recovery has been influenced by the experience of the 1997–98 Asian financial crisis which led countries to better regulate their financial markets, strengthen their economies and expand social protection and social dialogue in mitigating the impact of crisis. Continued strong growth in China and India was instrumental in the recovery.

Yet the indications of a return to the pre-crisis situation can be no cause for complacency. Already the 14th Asian Regional Meeting had recognized that strong economic growth, while bringing multiple benefits including significant reductions in poverty, was also accompanied by major decent work deficits in the region – for example: young women and men were three times more likely than adults to be unemployed, and gender inequalities persisted. Some 1.1 billion workers, or 60 per cent of the region's workers, are in vulnerable employment, and the region accounts for almost 73 per cent of the world's working poor, with 422 million workers living with their families in extreme deprivation on less than US\$1.25 per day. Overseas migration has surged in recent years but the migration governance framework has not kept pace, leading to concerns about abuse and exploitation. Broader respect for fundamental principles and rights at work remained a challenge, while the rising number of collective and individual labour disputes, which are straining dispute resolution bodies, is symptomatic of weaknesses in labour market governance.

The situation is compounded by other developments that could have a grave impact on the region's economies and labour markets, fuelling social instability and undermining the sustainability of economic growth. Labour markets in the region's developed economies have not fully recovered; inflation is increasing rapidly in many countries, driven by rising prices of food and commodities; foreign capital is surging into the region, leading to concerns over asset bubbles and a sudden reversal of these flows; and global tensions over exchange rates bring the risk of increased protectionism.

Moreover, the region has had to confront the power of natural disasters and the reality of climate change, and their dramatic consequences for lives and livelihoods.

All of these factors underscore the imperative of a more balanced and sustainable pattern of growth: a growth pattern that reflects better balance between exports, consumption and investment; that relies

more on regional demand; that is more inclusive and equitable; and that is more environmentally friendly. Decent work has a role to play in meeting these objectives and is itself reinforced by their realization. The last Asian Regional Meeting endorsed coherent and integrated approaches to policies and programmes. Such approaches will continue to be indispensable in developing effective responses and must be deepened.

Taking as a point of departure the dignity of work and the worker, which is at the heart of the Decent Work Agenda and is derived from the founding principle of the ILO's Constitution that "labour is not a commodity", building a sustainable future with decent work will call for:

- A stronger articulation of full and productive employment as a fundamental objective of the macroeconomic policy framework. This could entail employment targets, ensuring that the tax and benefit system and trade and investment policies support employment creation, including through an enabling environment for enterprise development, and ensuring that the gains from growth and productivity are more widely shared.
- Special attention to the needs of small and medium-sized enterprises (SMEs) for their contribution to economic vitality and to job creation.
- A focus on productivity, competitiveness and skills development with attention to working conditions and measures to ensure that wage levels keep pace with rising productivity.
- A commitment to the sustainable financing of a social protection floor comprising access to basic social security and cash transfer policies, in the form of pensions for the elderly and persons with disabilities, child benefits, income support for the unemployed and underemployed; and essential social services in the areas of health, housing, water and sanitation, education and food security. This is an innovative approach and is predicated on a commitment to policy coherence and coordination at all levels nationally, regionally and within the international system, which would make such a floor an effective instrument of protection and empowerment and of sustaining demand.
- Effective support for social dialogue and ensuring that workers have sufficient bargaining leverage in wage determination and protection that will be vital for establishing a development framework more solidly anchored in respect for fundamental principles and rights at work and ratification and implementation of core and governance Conventions. This calls for clear focus on building the institutions – including labour administrations, strong ministries of labour and employment and employers' and workers' organizations – which are the essential conduits for progress in this area.

The commitment made by constituents in Busan to make decent work for all a central objective of relevant national, regional and international policy and national development strategies has been acted upon. The Office has striven to accompany this process at policy and programme levels.

As called for at the last Regional Meeting, the Office has engaged with relevant processes of regional integration, worked closely within the multilateral system and regional organizations, strengthened and developed partnerships with North and South, private and public, to advance decent work goals in the region.

The Asia and Pacific region embarked on the decent work journey positively and purposefully. Perhaps the most difficult part now lies ahead. It is timely to renew the commitment to the goal of decent work for all and to step up the pace. It will require conviction and courage: the conviction embodied in the 2008 Declaration on Social Justice for a Fair Globalization and the courage that will be needed to drive action towards the new kind of policy environment described in the Declaration. With vision, leadership and commitment, the region has the capacity and the means to outpace the field in realizing decent work as a primary instrument of social justice; its success will be a great stride towards the globalization of social justice. The 15th Regional Meeting is the opportunity to chart the milestones for the next stage of this critical journey.

Juan Somavia

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## Abbreviations

ACFTU	All-China Federation of Trade Unions
ACTRAV	ILO Bureau for Workers' Activities
ABD	Asian Development Bank
AIDS	Acquired immune deficiency syndrome
ALO	Arab Labour Organization
APEC	Asia–Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEAN–OSHNET	ASEAN–Occupational Safety and Health Network
CCT	conditional cash transfer
CEB	Chief Executives Board (United Nations)
CO <sub>2</sub>	carbon dioxide
COMMIT	Coordinated Mekong Ministerial Initiative against Human Trafficking
CSR	corporate social responsibility
DFID	United Kingdom Department for International Development
DWCP	Decent Work Country Programme
EAST	Education and Skills Training for Youth Employment
EC	European Commission
ECOSOC	United Nations Economic and Social Council
EmPLED	Employment Creation and Peace Building based on Local Economic Development
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESCWA	United Nations Economic and Social Commission for Western Asia
EYB	Expand Your Business
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
G20	Group of 20
G8	Group of 8
GCC	Gulf Cooperation Council
GDP	gross domestic product
GMS	Greater Mekong Subregion
HIV	Human immunodeficiency virus
IFC	International Finance Corporation
IMF	International Monetary Fund
IPEC	International Programme on the Elimination of Child Labour
KAB	Know About Business

LED	local economic development
LFS	labour force survey
LMIA	labour market information and analysis
M&E	monitoring and evaluation
MDG	Millennium Development Goal
NFE	non-formal education
NGO	non-governmental organization
NREGA	National Rural Employment Guarantee Act
OECD	Organisation for Economic Co-operation and Development
OSH	occupational safety and health
PIF	Pacific Islands Forum
RBSA	Regular Budget Supplementary Account
ROAP	Regional Office for Asia and the Pacific
SAARC	South Asian Association for Regional Cooperation
SCREAM	Supporting Children's Rights through Education, the Arts and the Media
SIMPOC	Statistical Information and Monitoring Programme on Child Labour
SIYB	Start and Improve Your Business
SMEs	small and medium-sized enterprises
SPF	social protection floor
TREE	Training for Rural Economic Empowerment
TVET	Technical and vocational education and training
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDAF	United Nations Development Assistance Framework
UNDCF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
WFP	World Food Programme
WHO	World Health Organization
WIND	Working Improvement in Neighbourhood Development
WISE	Work Improvements in Small Enterprises
WTO	World Trade Organization
YEN	Youth Employment Network

## Introduction

1. Since delegates came together in Busan, the Republic of Korea, at the 14th Asian Regional Meeting in August 2006, countries in the region have witnessed profound change.<sup>1</sup> At the time of that Meeting, and in the following year, annual output growth in the region, at between 7 and 8 per cent, was the highest in decades, underpinned by tremendous growth in labour productivity and exports. These developments came under threat in 2008, however, as soaring energy and food prices weakened living standards, particularly those of the poor, who spend a large share of their limited income on food and fuel. And towards the end of 2008, countries in the region started to bear the full brunt of the global financial and economic crisis. In 2009, the region's economic output grew by 3.4 per cent, nearly five percentage points lower than its peak in 2007.<sup>2</sup>

2. Today, the region is demonstrating much of the dynamism displayed in the aftermath of the 1997–98 Asian financial crisis, and is leading the global recovery. But it is clear that Asia and the Pacific cannot afford such frequent booms and busts – it does not serve the interests of the majority of workers and their families, nor business, nor economies. The need for more balanced and sustainable patterns of growth has become all the more evident in the wake of the crisis, as has the role of decent work in this process.

3. Economic growth provides the basis to expand decent work; yet, at the same time, decent work can ensure higher and more sustainable labour productivity growth, upon which countries in the region will need to increasingly depend in order to drive future economic growth. The region's future prospects will require that economic growth go hand in hand with the expansion of decent work. As the Director-General has said on several occasions, the most widespread aspiration remains a fair chance at a decent job.<sup>3</sup>

4. The Regional Meeting in Busan had recognized that impressive economic growth, which had undoubtedly brought many benefits, was not meeting the demands of the majority of working women and men. Action was also needed to encourage enterprise development, particularly small and medium-sized enterprises (SMEs) – the major sources of job creation. Critical gaps in respect of fundamental principles and rights at work, social protection and social dialogue, needed to be addressed as well. Constituents in the region consequently reaffirmed that the Decent Work Agenda could “contribute to a sustainable route out of poverty, assist in addressing the growing economic inequalities both within and between countries in the region ... (and

*Decent work is critical for region's future prospects*

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<sup>1</sup> For the purposes of this report, Asia and the Pacific covers the Arab States in West Asia, the developing countries of South, East and South-East Asia, the Pacific Island countries and the developed (industrialized) economies of Australia, Japan and New Zealand.

<sup>2</sup> IMF: *World Economic Outlook* database (Washington, DC, 2010).

<sup>3</sup> “... the dominant thought carried around in the heads of most people you and I see is, ‘I want a good job’. It is the new current state of mind, and it establishes our relationship with our city, our country, and the whole world around us”; see J. Clifton: *Global migration patterns and job creation*, Gallup's World Poll (Washington, DC, 2007), available at [www.gallup.com/se/File/127637/GlobalMigration\\_Whitepaper.pdf](http://www.gallup.com/se/File/127637/GlobalMigration_Whitepaper.pdf).

stated that it) enables progress towards a fair globalization in which the goals of economic development and social equity are well balanced.”<sup>4</sup>

5. Constituents have committed themselves to an Asian Decent Work Decade, and identified priorities for national action, regional initiatives and partnerships, as well as actions for the Office. These included:

- promoting the ratification and full implementation of the ILO Conventions concerning freedom of association and the effective recognition of the right to organize and bargain collectively, the elimination of all forms of forced or compulsory labour, as well as the elimination of the worst forms of child labour and discrimination in respect of employment and occupation;
- assisting in the development of national policies based on the ILO’s Global Employment Agenda;
- providing support services for SMEs;
- strengthening labour inspection, dispute prevention and settlement, and employment services;
- promoting the ratification and implementation of ILO Conventions on occupational safety and health, including the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187);
- promoting ratification of the Maritime Labour Convention, 2006;
- examining the feasibility of convening a regional event on growth, employment and decent work;
- establishing benchmarks and good practices on the extension of social protection to all working women and men and their families;
- promoting the development of up to date and reliable statistics and data gathering to assist in fact-based research, comparison and decision-making.

*Economic, social and environmental goals need to be pursued in a coherent and mutually supportive manner*

6. Constituents in the region also recognized that, in order to deliver the Asian Decent Work Decade successfully, the economic, social and environmental goals needed to be pursued in a coherent and mutually supportive manner.<sup>5</sup> ILO constituents, with the support of the Office, have made solid progress in the identified priorities. Part II of the report reviews some of the accomplishments around the five regional clusters: (i) increasing competitiveness, productivity and jobs; (ii) improving labour market governance; (iii) extending social protection; (iv) eliminating child labour and creating opportunities for young people; and (v) improving management of labour migration. Strategic delivery mechanisms and partnerships leveraged in order to deliver on the Asian Decent Work Decade are also analysed – and implications for the future identified.

*Social justice for a fair globalization through an integrated decent work approach*

7. Since the last Regional Meeting, two major ILO frameworks for action have been adopted by the International Labour Conference. The Declaration on Social Justice for a Fair Globalization, adopted by the ILO’s tripartite constituency in 2008, reflected the consensus on the role of decent work in realizing social justice for a fair globalization. The Declaration emphasized therefore that achieving “an improved and fair outcome for all” would require an integrated decent work approach, in which the strategic objectives of the Decent Work Agenda would be “inseparable, interrelated and mutually supportive”.

*Global Jobs Pact: Employment and social protection are key to recovery*

8. The ILO Global Jobs Pact, adopted in June 2009, applied the Decent Work Agenda to the crisis. The Pact aimed to ensure that the recovery from the crisis addressed the fault lines of globalization through the expansion of decent work oppor-

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<sup>4</sup> ILO: *Conclusions of the 14th Asian Regional Meeting* (Busan, Republic of Korea, 29 August–1 September 2006); see Appendix for the full text of the conclusions.

<sup>5</sup> ILO: *Asian Employment Forum: Growth, Employment and Decent Work* (Beijing, China, August 2007), organized in follow-up to the conclusions of the 14th Asian Regional Meeting.

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**Profile A: Sri Lanka**

“Decent work is about fulfilling your dreams.”

*Kumara, 25 years of age, Kegalle, Sri Lanka*

Kumara used to work as a three-wheeler driver. This was not an ideal job for him. “I worked too long hours and with little pay,” he says. With the help of the ILO–Japan Youth Employment Project, he was able to start his own business, producing and selling broomsticks and other kitchen utensils.

“I always wanted to be my own boss. I received training in marketing and good business practices like bookkeeping and business planning. This has helped me develop and expand my business.” Kumara is planning to expand his business by hiring two workers and buying additional production equipment.

“Decent work is about fulfilling your dreams and providing a livelihood for you and your family – but it’s also about giving good employment opportunities to others.”

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tunities. Calling for urgent national, regional and global action to address the social and employment impacts of a global crisis that had compounded existing labour market challenges, it presented a balanced and realistic set of policy measures centred on employment and social protection – and framed within the Decent Work Agenda – that could reduce the time lag between economic recovery and the recovery in employment. Donor countries and multilateral agencies were invited to support the implementation of the recommendations and policy options set out in the Pact.

**9.** The Global Jobs Pact, which is both immediate and forward looking, has resonated widely. This was evident, for example, at the Arab Employment Forum (Beirut, 19–21 October 2009), jointly convened by ILO and the Arab Labour Organization, and at the Tripartite High-level Meeting: Decent Work for Sustainable Development in the Pacific (Port Vila, 10–12 February 2010).<sup>6</sup> Within the United Nations system, the Pact has also been endorsed by the United Nations Economic and Social Council (ECOSOC), the Executive Board of the United Nations Development Programme (UNDP) and the United Nations Chief Executives Board (CEB), and its relevance has been acknowledged by the G20 in Pittsburgh and by the G8.<sup>7</sup> Today, it remains the only policy framework agreed globally by the international community to address the social and employment impact of the international financial and economic crisis while laying the foundations for a productive and balanced recovery.<sup>8</sup>

**10.** The 15th Asia and the Pacific Regional Meeting provides an opportunity to review progress in the implementation of the Asian Decent Work Decade, taking into account the new developments, and to share experiences and lessons learned.

**11.** At this critical period, Asia and the Pacific are called upon to give strong leadership in building the foundations for a more inclusive, balanced and sustainable global economy. The region has become increasingly important in global develop-

*Asia and the Pacific  
must give strong  
leadership*

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<sup>6</sup> Background documentation submitted to the Arab Employment Forum and the text of the Arab Agenda for Employment are available at [www.ilo.org/arabstates/aef](http://www.ilo.org/arabstates/aef).

<sup>7</sup> See G8: *Leaders' Statement: Responsible leadership for a sustainable future* (L'Aquila, 2009); ECOSOC resolution: *Recovering from the crisis: A Global Jobs Pact* (Geneva, 2009), E/2009/L.24; Executive Board of the UNDP and of the United Nations Population Fund (UNFPA): *Employment programming in response to the global financial and economic crisis* (New York, 2010), DP/2010/12.

<sup>8</sup> The G20 Summit in Pittsburgh also committed “to launch a framework that lays out the policies and the way we act together to generate strong, sustainable and balanced global growth. We need a durable recovery that creates the good jobs our people need”. It also committed “to implementing recovery plans that support decent work, help preserve employment, and prioritize job growth” and welcomed “the recently adopted ILO resolution on Recovering from the crisis: A Global Jobs Pact, and we commit our nations to adopt key elements of its general framework to advance the social dimension of globalization”. See G20: *Leaders' Statement: The Pittsburgh Summit* (24–25 September 2009).

ment: its share of global gross domestic product (GDP) rose between 1980 and 2009 from less than 20 to more than 34 per cent, and it now accounts for nearly 60 per cent of the global workforce. China is at present the world's largest exporter. This Regional Meeting is also timely in setting the directions for building a sustainable future for decent work.

### *Imbalances of globalization*

*Asia and the Pacific leading the global recovery*

**12.** The Asia and the Pacific region is very diverse, from the natural resource-rich Gulf States to global economic powerhouses, and to the Pacific Island countries. It is a dynamic region, with many centres of research and development and hubs of global production networks. It has recovered strongly from the global economic and financial crisis and is today playing a critical role in holding up a fragile global economy. In 2010, economic growth in the region is estimated to have reached 7.5 per cent, compared to 2.6 per cent growth in the United States and 1.7 per cent growth in the Euro area.<sup>9</sup>

*Labour market imbalances pre-date the crisis*

**13.** Nonetheless, the dynamism of the region has not spared it from the negative impact of the imbalances of globalization. In 2007, before the crisis, 87 million of the region's workforce was unemployed – but by 2010 the number had grown to 92 million.<sup>10</sup> With the region's labour force rising at 1.5 per cent annually, avoiding an increase in unemployment will mean creating some 28 million jobs each year. Even before the crisis, young women and men were three times more likely than adults to be unemployed, and as a result of the crisis will find it even more difficult to secure employment. And, paradoxically, millions of children who should be in school are engaged in child labour, some of them in the worst forms.

*Grim unemployment picture aggravated by poor working conditions*

**14.** In many countries, the grim unemployment picture is aggravated by poor working conditions. Many workers have low-paid jobs with intermittent and insecure work arrangements, often in informal employment: in 2009, 60 per cent of workers were in vulnerable employment – more than 1.1 billion.<sup>11</sup> Asia and the Pacific also accounts for almost 73 per cent of the world's working poor. Some 868 million – around 46 per cent of the region's workers – live with their families on less than US\$2 per day, of whom 422 million live in extreme deprivation on less than US\$1.25 per day. Meanwhile, levels of productivity lag behind those in richer parts of the world, for although many workers have moved from low-productivity agriculture to higher value added industrial and service sector activities, the overall level of output per worker is still only around one-sixth of the level in North America and the European Union.

**15.** In addition to widespread poverty and relatively low productivity, there are persistent inequalities between women and men. Women have not had the same opportunities as men to engage in the labour force and represent a critical source of untapped potential. In 2010, the female labour force participation rate for the region was only 51 per cent, nearly 30 percentage points lower than the rate for men. Women also earn less than men in similar jobs, and they are overrepresented in certain unskilled occupations and in the informal economy.

*Most workers in the region lack basic social protection*

**16.** Most workers in the region lack basic social protection in times of economic hardship, family illness, disability or old age, and occupational injuries. There is also a wide range in standards of occupational safety, health and working conditions – from conditions on par with international standards to the most dangerous and exploit-

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<sup>9</sup> IMF, op. cit.

<sup>10</sup> For this report, the source for global, regional and subregional aggregates of employment, unemployment, vulnerable employment, working poverty and labour productivity is ILO: *Trends econometric models: A review of the methodology* (Geneva, 2010). Figures for 2010 represent ILO estimates.

<sup>11</sup> Vulnerable employment is defined as the sum of own-account workers and contributing family workers.



ative conditions. While the average HIV prevalence is comparatively low in Asia, there are nevertheless concentrated epidemics in certain countries and particularly among the most-at-risk populations. Relatively weak social and labour protection weakens aggregate demand at a time when it is most needed.

**17.** The global economic crisis has intensified existing tensions in industrial relations systems, which in recent years have led to a substantial increase in disputes. This challenge is compounded by the low level and slow pace of ratification of the fundamental ILO Conventions, particularly those relating to freedom of association and the right to collective bargaining. The region needs a strong and fair institutional basis for enabling workers to share in productivity gains. Between 2001 and 2007 – a period of tremendous economic growth in Asia and the Pacific – average real wages in a sample of economies grew by only 1.9 per cent per year, far below the average annual growth in labour productivity.<sup>12</sup> Over recent decades, in many countries across Asia, labour’s share of national income has decreased, which has in turn contributed to rising inequality. These shifts have been accompanied by a heavy reliance on export-led growth by some countries, many of which have been taking action to strengthen wage and income policies – and this has created a virtuous circle between solid wage growth, strong domestic demand and sound economic development.

*Greater emphasis on rights at work required*

**18.** In Asia and the Pacific, regional migration is an important source of economic dynamism. Migration for employment in the region has grown 6 per cent annually, with increasing flows within Asia itself. The flows of migrants and remittances may have slowed temporarily as a result of the global crisis, but the pace has already picked up again as a consequence of uneven labour supply and persistent income differentials between receiving and sending countries. Unfortunately, however, the crisis has also highlighted major concerns about the management of migration, including high recruitment costs, worker abuse, exploitation, and cases of forced labour and human trafficking. There are particular problems with regard to freedom of association and the poor record of ratification of ILO instruments on migration and migrant workers.

*Major concerns regarding management of migration*

## ***Rebalancing the drivers of regional growth***

**19.** In light of the downsides of globalization, exacerbated by the global crisis, policy shifts will be required to sustain the recovery and strengthen the foundations for a fair and sustainable development. Possible policy considerations are explored in Part I of this report. Achieving a more balanced growth between exports, domestic consumption and productive investment in sustainable enterprises, together with broad-based increases in productivity and wages, will need to be a key policy objective.

**20.** A first step involves a reassessment of the macroeconomic policy framework. In particular, the crisis has highlighted the potential use of fiscal policies to foster growth and employment, and demonstrated the urgency of building and strengthening the “automatic stabilizers” of social protection. A post-crisis macroeconomic framework that fosters more inclusive and balanced growth will require a commitment to full and productive employment as a core macroeconomic policy goal, ensuring that both the tax and benefit system and trade and investment policies support employment, while ensuring that the gains from growth and productivity are more widely shared. It will also mean financing a basic social protection floor that includes access to health care, income security for the elderly and persons with disabilities, child benefits and income security, combined with public employment guarantee schemes for the unemployed and working poor. All of this will require strong policy coordin-

*Economic, employment and social protection policies need to be considered*

<sup>12</sup> ILO: *Global Wage Report 2008–09: Minimum wages and collective bargaining: Towards policy coherence* (Geneva, 2008).

ation and coherence between economic, employment and social protection policies at global, regional and national levels.

*A stronger link between productivity and wages through sustainable enterprises and skills development*

**21.** Countries will be able to rebalance the drivers of growth successfully by enhancing the quality of jobs and wage levels in line with productivity. To this end, higher labour productivity growth will be critical. While productivity growth in the region has been strong on average in the years leading up to the crisis and in the recovery, levels of productivity are only around one-sixth the level in higher income countries. At the same time, ensuring that wages grow in line with productivity growth is essential for sustainable and balanced growth. Many low- and middle-income countries will need to ensure that the formal economy is more attainable and attractive. If they are to achieve sustainable recovery and create jobs, they will have to support and promote sustainable enterprises, particularly SMEs; develop infrastructure; and encourage entrepreneurship and rural producers. They will also need to invest more in education, training and lifelong learning. Training is also critical to closing the gender gap and improving the employment prospects of migrants, people with disabilities, people with HIV, and older workers. Attention to improving working conditions, including workers' safety and health, must also be part of future strategies.

*Promoting green jobs and a just transition*

**22.** At the same time, constituents will need to address the opportunities and challenges provided by climate change and evolving patterns of production and consumption, in addition to the region's persistent and interrelated food, energy and water crisis. Supporting the creation of green jobs – quality jobs that help preserve the environment while promoting opportunities and equity – will require well-coordinated social, economic and environmental policies and be based on social dialogue to ensure a just transition. Towards this end, ILO constituents will need strengthened capacities to become more effectively engaged in the climate change debate.

*Rights at work and social dialogue for Asia's prosperous future*

**23.** Critically, securing the recovery and sustainable growth in the region will require a greater emphasis on the respect for fundamental principles and rights at work, and strengthened mechanisms for dialogue, organization and voice. Throughout the region, rising numbers of collective and individual disputes are putting a strain on dispute settlement bodies. Important steps towards bringing down the number of disputes and guaranteeing workers' rights include reducing informality, regulating the employment relationship, and addressing persistent discrimination. Ensuring that workers have sufficient bargaining leverage in wage determination and protection will go a long way towards addressing income inequalities and supporting income-led growth. Effective labour market institutions and social dialogue will restore the link between productivity and wages and help build political support for the reforms required for a more inclusive, balanced and sustainable future.

**24.** Increasing the size of regional “domestic markets” through South–South cooperation and regional integration initiatives is key to ensuring a more robust and equitable development strategy that reduces poverty and is sustainable through the generation of decent work. Initiatives already under way include the Association of Southeast Asian Nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC), the Arab Labour Organization (ALO), the Gulf Cooperation Council (GCC), the Pacific Islands Forum (PIF) and the Pacific Community.

*Visionary leadership required*

**25.** Rebalancing the drivers of growth will require visionary leadership with the commitment to secure greater convergence and coherence between economic, social and environmental policies. If they are to make the necessary policy changes, constituents must be supported by strong empirical knowledge and labour market information, and have the capacity to better engage in the relevant processes.

**26.** The 15th Asia and the Pacific Regional Meeting provides an opportunity to review progress in the implementation of the Asian Decent Work Decade and to share experiences and lessons learned, with a view to building a sustainable future with decent work.

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## ***Structure of the report***

**27.** Part I identifies key policy and programme considerations at national, sub-regional, regional and global levels. They relate to:

- coordinated macroeconomic, employment and social protection policies;
- productive employment, sustainable enterprises and skills development;
- green jobs and a just transition; and
- rights at work and social dialogue.

**28.** Part II describes the main outcomes achieved by constituents with the support of the ILO since the last Asia and the Pacific Regional Meeting, along with the main lessons learned.

**29.** The ILO had adapted its programmes to countries' evolving needs in the context of the crisis and recovery, drawing on the Global Jobs Pact. It is organized along the five regional clusters of priorities:

- increasing competitiveness, productivity and jobs;
- improving labour market governance;
- extending social protection;
- eliminating child labour and creating opportunities for young people; and
- improving the management of labour migration.

**30.** The conclusions summarize the main messages and propose some discussion points for the 15th Asia and the Pacific Regional Meeting.



## *Preparing for a better future: Inclusive and balanced growth*

**31.** Countries in Asia and the Pacific can secure their recovery and achieve more balanced and sustainable development, provided that they pursue income-led and job-rich growth policies, and achieve greater coherence between economic, social and environmental policies – while strengthening labour market governance and social dialogue.

### Overview

**32.** The Asia and the Pacific region has rebounded strongly from the global economic and financial crisis and is today playing a critical role in holding up a fragile global recovery. Economic growth in developing Asia is estimated to have reached 9.4 per cent in 2010.<sup>13</sup> The region has been playing an increasingly important role in the global economy, with its share of global GDP rising from less than 20 per cent in 1980 to more than 34 per cent in 2009. The crisis has further strengthened the region in the global economy.

**33.** In order to secure recovery and move to sustainable growth and development, accompanied by decent work for all, the region will have to address successfully a number of interrelated challenges. The first of these involves ensuring better coordination between economic, employment and social protection policies, which will imply including employment targets in macroeconomic and social policy-making. Even before the crisis, rapid economic growth had not translated into strong growth in decent jobs, thereby weakening aggregate demand. If the Asia and the Pacific region is to start achieving more balanced patterns of growth, it will need a strong commitment to full and productive employment as a core macroeconomic policy goal; tax and benefit systems, as well as industrial and trade policies, which support employment; and a guarantee that the gains from growth and productivity are more widely shared. At the same time, the gradual establishment of a social protection floor will provide needed protection, reduce poverty and contribute to stabilizing aggregate demand.

**34.** The second key challenge involves enhancing the quality of jobs and wage levels. To this end, higher labour productivity growth is critical. While productivity growth in the region was strong on average in the years leading up to the crisis and during the recovery, levels of productivity are only around one sixth the level in higher income countries. Ensuring that wages grow in tandem with productivity growth is essential for sustainable and balanced growth. Too many women and men in Asia continue to work under the unsatisfactory conditions of informality. To encourage a transition to formality, there is a need for proactive and integrated strategies; the promotion of employment opportunities; an increase in productivity; and enhanced social protection.<sup>14</sup> If countries are to achieve sustainable recovery with job-rich

<sup>13</sup> IMF: *World Economic Outlook: Recovery, Risk and rebalancing* (Washington, DC, October 2010).

<sup>14</sup> See “Summary and directions for action”, Asian Employment Forum: Growth, Employment and Decent Work (Beijing, China, 13–15 August 2007).

growth, they will have to support and promote sustainable enterprises, particularly SMEs, by developing infrastructure and encouraging entrepreneurship and rural producers. They will also need to invest more in education, training and lifelong learning. Training is also critical in closing the gender gap, as well as in improving the employment prospects of migrants, people with disabilities, people with HIV, and older workers. Attention must also be paid to achieving better working conditions, including the safety and health of workers, in future strategies.

**35.** The third challenge is to ensure greater convergence and coherence between economic, social and environmental policies. Climate change adaptation and mitigation, as well as sustainable patterns of production and consumption, have major implications for Asia's labour markets. Millions of green jobs could be created in the region through investments, policy support and appropriate skills development policies. On the other hand, it is clear that there could also be labour market disruptions. Tripartite agreements through social dialogue can facilitate a “just transition” – a smooth and equitable shift towards a green economy.

**36.** The fourth challenge, based on the fundamental principles and rights at work, is strengthening labour market governance, social dialogue, organization and voice. Addressing income inequalities and supporting income-led growth will require workers to have sufficient bargaining positions in wage determination and protection. Countries can achieve stronger links between productivity and wages through effective labour market institutions, minimum wages, labour inspection and social dialogue. Many countries in the region are also looking to undertake labour law reforms, and in this regard it will be critical to ensure equal access to employment opportunities, while finding a balance between workers' needs for protection and job security and employers' needs for flexibility tailored to the size and composition of their workforces.

**37.** All of these efforts will require strong policy coordination at the national, regional and global levels. Regional integration is advancing at a rapid pace. This can support the shift to a more inclusive and balanced growth through decent work and social justice.

# Chapter 1

## *Coordinated macroeconomic, employment and social protection policies*

**38.** Across the whole Asia and the Pacific region, governments are seeking to meet the Millennium Development Goal (MDG) 1B of achieving “full and productive employment and decent work for all, including women and young people”. Decent work is widely recognized as one of the key ways of improving the lives of families, communities and nations. According to Gallup, a polling company, human priorities have shifted during the past 25 years from the need to secure food, shelter, safety, and peace towards the need for a good job: “It is the new current state of mind, and it establishes our relationship with our city, our country, and the whole world around us.”<sup>15</sup>

*Decent work is widely recognized as a key way of improving the lives of families, communities and nations*

**39.** The desire for decent jobs is evident across the region, regardless of the level of development (figure 1.1). In order to bring about decent work, there must be an interaction of a range of policies and practices focusing on jobs and social protection, along with rights at work and participatory dialogue – all of which requires coherence between economic and social policies. This implies stronger coordination at the national level, between ministries of labour and the economic, financial, planning and sectoral ministries, as well as between central banks, statistical offices, and workers’ and employers’ organizations.

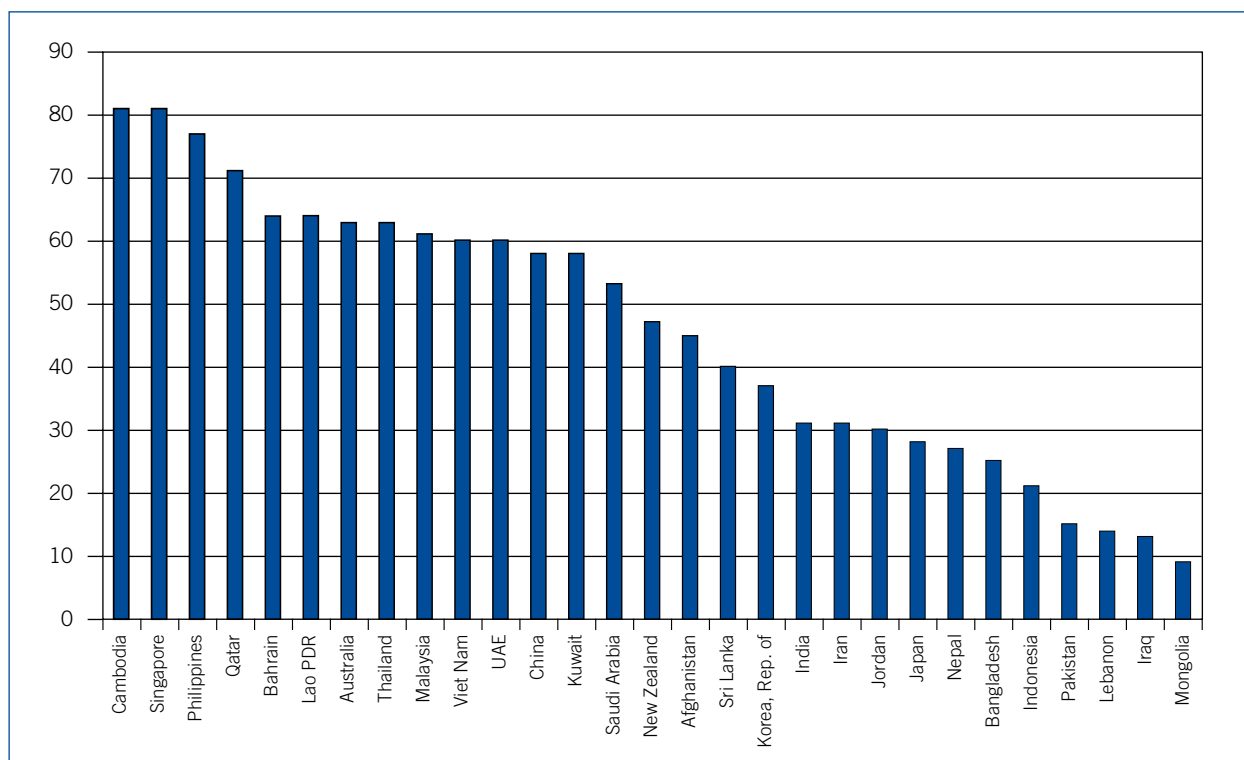
## Macroeconomic policies for job-rich growth

**40.** The global economic crisis has highlighted underlying structural imbalances in Asia and the Pacific and has brought the existing employment challenge to the fore. While the region’s dynamism that pre-dates the crisis is currently enabling it to lead the global recovery, its sustainable development in the future will depend to a large extent on the quality of that recovery and on the way it reorients its growth strategies. This will not only require a focus on growth that delivers more and better jobs, but also sustained increases in productivity and a more egalitarian institutional basis for sharing productivity gains. For some countries in the region, this may require shifting away from a reliance on export-oriented growth to a development path based on both exports and domestic demand. Crucial too is the need to put in place a social protection floor, which can support aggregate domestic consumption, and protect and enhance the opportunities of the working poor and workers in vulnerable employment. This calls for coordinated economic, employment and social protection policies.

*The global economic crisis has highlighted underlying structural imbalances*

**41.** A starting point is a macroeconomic policy framework that aims to ensure balanced and inclusive economic growth and full and productive employment. This will often require a shift in thinking. In Asia and the Pacific, as in other regions, macroeconomic policy has traditionally focused on adjusting interest rates to control inflation, curbing budget deficits to achieve fiscal balance, and aiming for current

<sup>15</sup> J. Clifton: *Global migration patterns and job creation*, op. cit.

**Figure 1.1. Satisfaction with efforts to increase the number and quality of jobs, percentage of respondents**


Source: Gallup WorldView on <http://worldview.gallup.com/>, accessed on 3 February 2010.

account surpluses. As a result of the global economic crisis, such a framework has come under careful scrutiny.<sup>16</sup> Furthermore, while such policies have in general supported growth and price stability – and higher exports – they have also tended to restrain aggregate demand (and thus employment) and failed to insulate countries from repeated crises. While macroeconomic stability and inflation control are important objectives of economic policy, there is a need to move towards a more balanced and broader set of objectives.

**42.** In the 2001–08 period, high GDP growth rates in most countries in Asia yielded disappointing employment outcomes (table 1.1). This has contributed to high levels of unemployment, particularly for young people. In the Arab States, for example, the unemployment rate for young people in 2010 was 27 per cent. Even when employment grew, many of the jobs were insecure and casual and, as a result, close to 1.1 billion people, or 60 per cent of the region’s workers, were in vulnerable employment.

*Slow growth in employment has hampered efforts to alleviate poverty*

**43.** Slow growth in employment has also hampered efforts to alleviate poverty (box 1.1). Most governments accept that promoting productive employment is the best way of ensuring that economic growth reduces poverty and inequality. Nevertheless, they do not always incorporate employment priorities into their economic policy frameworks. Acting in this way requires a more deliberate approach – starting from estimates of GDP growth, employment elasticity, and labour supply, and using these as the basis for targets for growth and employment. Such strategies should emerge from consultations led by the Labour Ministry with line ministries, workers’ and employers’ organizations and other key stakeholders. Employment outcomes can be better mainstreamed in the economic spheres listed below.

<sup>16</sup> O. Blanchard et al.: *Rethinking macroeconomic policy*, IMF Staff Position Note 10/03 (Washington, DC, IMF, 12 February 2010).



**Table 1.1. Annual growth in GDP and employment**

	Average GDP growth (2001–08)	Average employment growth (2001–08)
<b>Asia and the Pacific</b>		
China	10.5	0.9
India <sup>1</sup>	7.0	2.4
Indonesia	5.4	1.7
Japan	1.4	-0.1
Korea, Republic of	4.4	1.4
Malaysia	5.7	1.8
Mongolia	8.2	3.2
Pakistan	5.3	3.7
Philippines	5.3	2.8
Sri Lanka	6.0	1.7
Thailand	5.2	1.7
Viet Nam	7.6	2.0
<b>Arab States</b>		
Bahrain	6.7	2.2
Jordan	7.3	4.4
Kuwait	7.9	2.9
Lebanon	4.8	2.1
Oman	4.6	2.3
Saudi Arabia	4.2	3.2
Syrian Arab Republic	4.2	4.0
United Arab Emirates	7.9	5.0
Yemen	3.9	4.2

<sup>1</sup> Refers to the period 2000–05.

Sources: IMF: *World Economic Outlook* database (2009); ILO: LABORSTA; ILO: *Key Indicators of the Labour Market (KILM)*, sixth edition (2009); World Bank: *World Development Indicators* (2009); UNDP: *Arab Human Development Report 2009* (2009).

### Box 1.1. Growth fails to reduce rural poverty in Mongolia

Between 2002 and 2008, economic growth in Mongolia averaged 9 per cent per year, while poverty declined only slightly, from 36.1 to 35.2 per cent; indeed, the rural poverty rate actually rose from 43.4 to 46.6 per cent. Growth thus failed to create sufficient productive employment to reduce poverty – despite a more favourable dependency ratio resulting from a sharp decline in birth rates. This reflects a reduction in the employment elasticity of growth, which, between 2000 and 2003 and 2003 and 2007, fell from 0.94 to 0.26. As a result, between 2002 and 2003 and 2003 and 2008, the number of working poor rose from 343,000 to 376,000, and income inequality, as measured by the Gini coefficient, increased from 30 to 33.

Source: P. Ronnas: *Constraints and challenges for achieving inclusive job-rich growth in Mongolia – Initial diagnostics* (Geneva, ILO, 2010).

**44. *Development plans and national budgets*** – National development plans and poverty reduction strategies (PRSs) should systematically incorporate quantitative and qualitative employment targets and include policies and sectoral approaches for target groups, including the most vulnerable. In the same vein, these objectives will need to be budgeted for in mid-term expenditure frameworks and national budgets.

**45. *Industrial policy and sectoral approaches*** – Boosting output and employment growth, along with knowledge, skills and capabilities, will mean identifying sectors with high employment growth potential and dynamic comparative advantage, and removing any barriers. For this purpose, governments should facilitate industrial upgrading and invest sufficiently in infrastructure and social protection – which should, in due course, generate enough tax revenues to cover the initial investment.<sup>17</sup>

**46. *Infrastructure investment*** – When developing new infrastructure, especially in countries with surplus labour, governments can explore the potential for labour-based technologies that compromise neither efficiency nor quality.

**47. *Private sector*** – Governments can also consider ways to encourage the private sector, particularly SMEs. They can ensure that these enterprises have better access to finance while also, through the tax system, guiding them in the direction of employment-intensive growth. This will often require a change in policy. In India, for example, the new employment policy bill calls for a careful review of fiscal and monetary policies, which, in the past, may have encouraged excessive capital intensity.

**48. *Trade*** – Growth in Asia and the Pacific has been driven largely by export manufacturing; as a result, the employment content has often been controlled by the demands of developed country markets. The Gulf States have also been export oriented, although their production of oil, gas and derivatives is inherently less employment intensive. Following the economic crisis, many governments are now questioning this overreliance on foreign markets and are striving for greater coherence between trade and employment policies. With the same objective in mind, they can also review trade-related foreign direct investment (FDI) – perhaps subjecting any proposed investment to a “national benefit” test that assesses its relevance to productive and sustainable employment.

*Macroeconomic policy should also respond to women's rights*

**49. *Gender equality*** – Macroeconomic policy should also respond to women's rights. At present policy-makers seldom consider women as dynamic economic agents in their own right, generally assuming that they will be their households' secondary income earners. Women's employment is also constrained by socio-cultural norms. In reality, in East Asia and South-East Asia in particular, export-led growth has largely been based on cheap and flexible female labour, particularly for the manufacture of garments, electronics and toys. Many women also work intensively in the informal economy and agriculture, often as unpaid family workers. As a result of this dissonance between the dominant perception and the economic reality, working women frequently suffer extensive discrimination – in recruitment, wages and skills training, and in access to credit and social protection. In Asia and the Pacific, for example, they generally earn 54–90 per cent of men's wages.<sup>18</sup> In South Asia, women are more likely than men to suffer unemployment.<sup>19</sup> Women also have less entitlement to social security, and state support for care services has been declining. In South Asia and in the Arab States, the situation can be different, since women are less likely to be in the formal labour force, instead eking out a living in informal employment. Within the formal sector, most women in the Arab States work in the public sector – in administration, for example, and in education and health. But women and men everywhere need to be

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<sup>17</sup> J.Y. Lin: *New structural economics: A framework for rethinking development*, Policy Research Working Paper 5197 (Washington, DC, World Bank, 2010).

<sup>18</sup> UNDP: *2010 Asia-Pacific human development report: Power, voice and rights: A turning point for gender equality in Asia and the Pacific* (Colombo, 2010).

<sup>19</sup> ILO: *Trends econometric models*, op. cit..

**Profile B: Cambodia**

“I can put food on the table.”

*Kang Kong, 49 years of age, Takeo, Cambodia*

“No job means no money. I’m a member of the Khmer Women Handicraft Association. The group created this job for me. Because of this job I can put food on the table for my family.”

offered the same opportunities, through an integrated package of services: legislation protecting against employment discrimination; investment in health, education and skills; and equal employment opportunity and family-friendly employment policies.

**50. Productivity** – Productivity is usually calculated as GDP or value added per worker. In the short run, and in particular sectors, there may indeed be trade-offs between productivity and employment. But when the economy is growing, GDP, employment and productivity can all rise. A pattern of shared and inclusive growth may be encouraged by striking the right balance between technology and employment, wages and productivity, and investment and employment – taking into account the country’s industrial landscape, its demographic structure and its development objectives. Some countries will continue to have ample labour supply, while others will need to cope with the implications of an ageing population with a shrinking proportion of workers.

## Fiscal policies

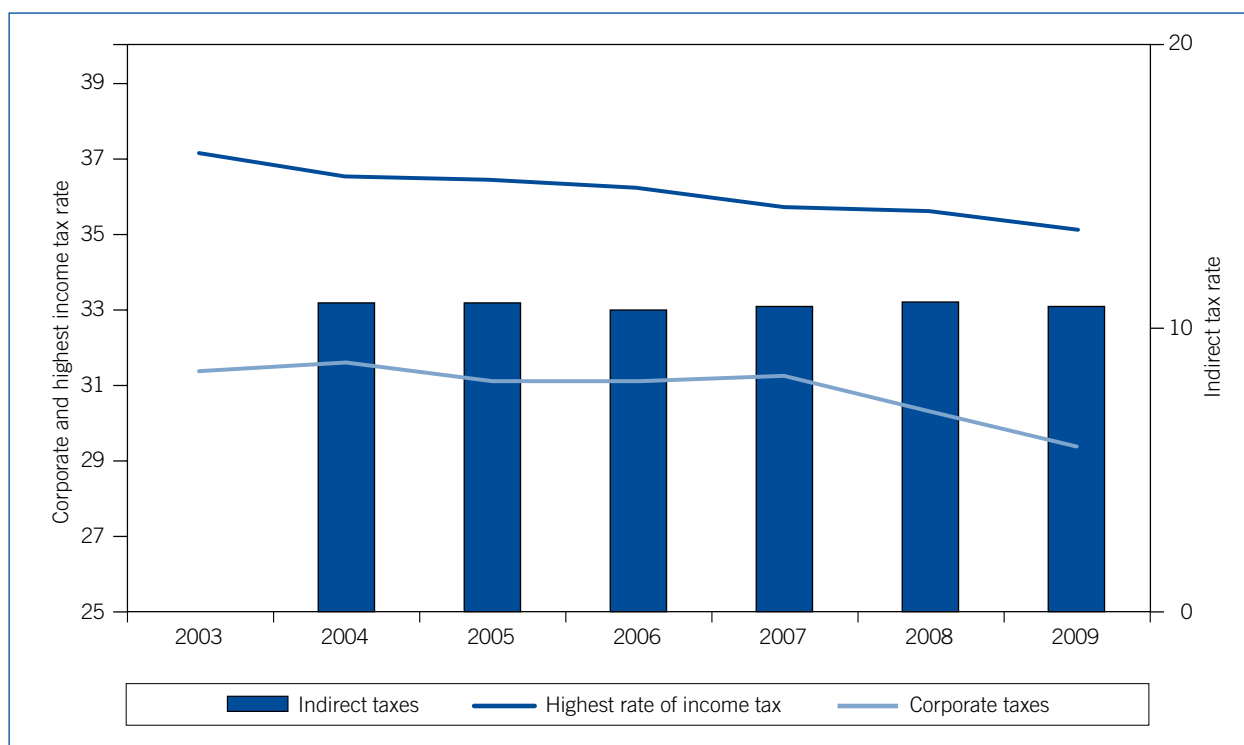
**51.** Before the crisis, many governments – possibly influenced by the response to previous crises – tended to underuse fiscal policies in favour of monetary policy. In effect, there was little scope for fiscal policies to address decent work deficits. In the wake of the crisis, however, many governments undertook discretionary fiscal policies that were incorporated in economic stimulus packages. These packages were often quite large, varying from around 2 per cent of GDP in the *Philippines* to around 10 per cent in *China*. However, they varied in composition: *Indonesia*, for example, relied more on tax cuts, while other countries such as *Saudi Arabia* or *Cambodia* tended towards increased public spending. Some countries also had social security systems that served as automatic stabilizers.

**52.** These packages included important measures to stimulate labour demand; protect jobs and the unemployed; extend social protection; and promote social dialogue. Indeed, some countries set specific labour market targets: *Australia*, for example, aimed to reduce a post-crisis rise in unemployment by 1.5 percentage points, while also promoting longer term goals such as green jobs. Such policies were in sharp contrast to the Asian financial crisis of 1997, during which many countries undertook sharp cutbacks in public spending. As a result of these policies, over 9 million jobs are estimated to have been saved or created in the region.<sup>20</sup>

**53.** On the heels of an economic recovery, albeit a fragile one, concerns over rising budget deficits and national indebtedness are putting pressures on governments to scale back or exit from the fiscal stimulus measures. Governments will want to work towards medium-term fiscal consolidation – but before they scale back or withdraw these policies, they need to be sure that household consumption and business investment have revived and have started to generate new jobs and economic growth. Such efforts will support medium-term fiscal health, as greater employment not only increases tax revenues but also reduces expenditure on unemployment compensation.

<sup>20</sup> ILO: *Protecting people, protecting jobs, an ILO report to the G20 Leaders’ Summit, Pittsburgh, 24–25 September 2009* (Geneva, 2009), Annex 4: “Estimating the employment impact of the stimulus measures undertaken by the G20 countries for the crisis”.

Figure 1.2. Average tax rates in Asia and the Pacific (percentages)



Note: Average of 15 Asia-Pacific countries: Australia, China, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, Sri Lanka, Thailand and Viet Nam. The indirect tax rate for 2003 is not available.

Source: ILO calculations based on KPMG's Corporate and Indirect Tax Rate Survey 2009 and KPMG's Individual Income Tax and Social Security Rate Survey 2009.

*Good fiscal performance depends on effective taxation*

**54.** Good fiscal performance also depends on effective taxation. In Asia and the Pacific taxation systems are relatively weak, constraining the capacity of governments to fund services and redistribute income. Furthermore, governments' ability to tax is complicated by globalization. When enterprises have the option of moving easily from one country to another, they can exert downward pressure on tax rates. This is particularly the case for capital, which is more mobile than labour, and for high-earning individuals, who are relatively more mobile than low earners. Governments may thus feel obliged to keep tax rates on corporations and high-income earners low (figure 1.2). By contrast, indirect taxes, such as consumption taxes, have changed little in recent years. Such trends have important implications for the progressivity of the tax system as consumption taxes weigh more heavily on the poor, given that they spend a higher share of their income on consumables.

### A social protection floor

**55.** More equitable taxation can also serve as the basis for effective systems of social protection. A solid floor of social protection covers a broad range of programmes and measures, including: benefits to families with children in kind and in cash that provide basic income security and enhance nutrition, health and education; affordable health care; income security for older people and people with disabilities; social assistance for those who are poor or unemployed; and access to employment opportunities.

**56.** Strong social protection systems are even more important in periods of rapid globalization. As countries liberalize trade and investment, they will be increasingly exposed to volatile international markets and experience greater labour market turnover. Consequently, it will be important to smooth these adjustments, while protecting the poorest citizens and ensuring steady and balanced economic and social develop-

**Profile C: Afghanistan**

“Damaged health from carpet weaving and without affordable health insurance.”

*Shawzia, 16 years of age, Afghanistan*

Shawzia complains of the negative effects of carpet weaving on her health and that of her sisters. Her nose and one eye have been injured, a few of the many cuts caused by the sharp instruments used to weave carpets. Her mother cannot finish a sentence without coughing and the room is filled with the dust and dirt of carpet weaving.

Both mother and daughter complain of chest pains, hand pains, skin problems and infections. Just sitting, as they have to, in one position for hours, is excruciatingly painful for them. She wishes that she could go to school and become a teacher, and that her mother could have access to affordable health care.

ment. If working families can fall back on effective social protection systems, they will be free to save less and can spend more on immediate household needs and on investing in their children’s health and education (box 1.2).

**57.** At present, however, many countries are spending relatively little on social protection. Expenditures on health care and social security average 5.3 per cent of GDP in Asia and the Pacific (excluding Arab States), and 9.8 per cent in the Arab States (figure 1.3). This is often because governments feel they cannot afford to protect everyone. But, in fact, most countries in Asia and the Pacific should be able to afford a basic social protection floor. A basic set of cash benefits for all the elderly, families with children, and the poor of working age would cost just 2.2 per cent of GDP in India; 2.4 per cent in Pakistan; 2.9 per cent in Viet Nam; 4.6 per cent in Bangladesh; and 5.7 per cent in Nepal.<sup>21</sup>

**58.** *Non-contributory programmes* – For the poorest households, social protection is likely to be funded through general taxation. *Thailand*, for example, now provides almost universal access to basic health-care services. *Indonesia* and *Viet Nam* provide non-contributory access to social health protection for the poor (fully subsidized schemes). *India* has implemented the Rashtriya Swasthya Bima Yojana (RSBY) scheme, which provides fully subsidized health insurance for the poor (below poverty line households). *Pakistan* initiated a social safety net called Benazir Income Support Programme (BISP) in 2008, which is a cash transfer mechanism to the 5 million poorest families. Other countries are considering income security for old age – which will

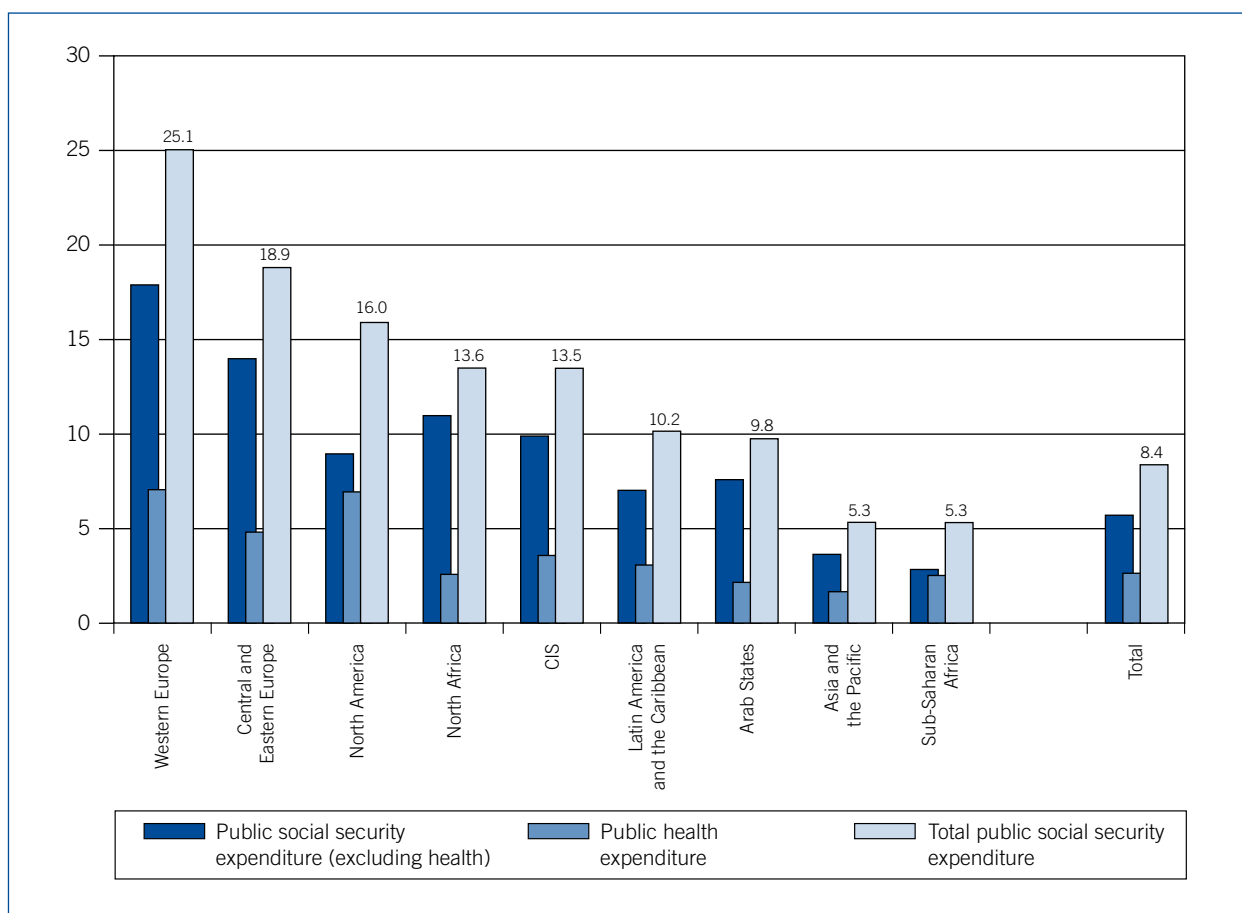
*Many countries are spending relatively little on social protection*

**Box 1.2. Unemployment insurance**

Unemployment insurance functions as an automatic stabilizer, cushioning the impact of economic shocks and helping maintain aggregate demand. Workers who can count on unemployment benefits have less need to accumulate precautionary savings, and thus have more to spend on consumption. Unemployment insurance systems also provide a wealth of labour market information that serves as a basis for policy-making or investment, and facilitate the structural shifts that accompany the process of rebalancing. Most Asia–Pacific countries currently lack such systems – although, as a result of the economic crisis, more countries (such as the Philippines) are considering their feasibility. In the Arab States, Bahrain is a pioneer, having introduced an unemployment insurance scheme in 2007.

<sup>21</sup> ILO: *Can low-income countries afford basic social security?* Social Security Policy Briefings Paper No. 3 (Geneva, 2008); and S. Mizunoya et al.: *Can low-income countries afford basic social protection? First results of a modelling exercise for five Asian countries*, Issues in Social Protection, Discussion Paper 17 (Geneva, ILO, 2006).

Figure 1.3. Public spending on social protection, by world region (percentage of GDP)



Note: Data are based on latest available year, weighted by population.

Source: ILO-SECSOC estimates.

become even more important as the elderly population expands: *Nepal* has long provided basic pensions to all residents over 75 years of age, and is now considering expanding the scheme to all those over 65 years and increasing the amount. Various forms of non-contributory pensions are also being implemented or considered in *Bangladesh*, *India*, *Sri Lanka* and *Thailand*. The Pacific Island countries are also budgeting for higher spending on health and education.

*One of the most effective forms of targeting is self-targeting*

**59. Targeting** – Most non-contributory programmes have an element of targeting to ensure in a cost-effective manner that assistance primarily reaches the neediest households. However this is costly, since it requires a system for identifying the poor and vulnerable, and can entail errors. One of the most effective forms of targeting is self-targeting – adjusting programmes so that beneficiaries will only participate when in need and can then drop out when they see better opportunities elsewhere. *India*'s National Rural Employment Guarantee Scheme (NREGS) is one example – and similar programmes are under way in *Nepal* and *Pakistan*. *Thailand*'s universal health care scheme also applies this method. Whereas self-targeting may be useful for certain types of programmes, such as public works programmes or access to basic health care through health cards, it is not appropriate for minimum income support – for example, cash transfer programmes, school allowances, and minimum old-age pensions. These cash benefits have to be either targeted or universal, with different implications in terms of the levels of benefits for a given budget.

**60. Conditional cash transfers** – Some programmes not only provide social assistance but also aim to influence household behaviour. A case in point may be found in *Indonesia* which, since 2007, has been piloting a conditional cash transfer (CCT)

scheme that requires beneficiary households to send their children to school and attend health clinics. But a CCT programme is contingent upon sufficient administrative capacity, and the services must meet basic quality standards and be readily accessible – otherwise the beneficiaries will be unable to fulfil the conditions. Indonesia therefore has another scheme, a “national community empowerment programme for a healthy and smart generation” (PNPM Generasi), which provides block grants to communities – which they have used, for example, to buy education materials for children or for building roads to schools or health centres. *Pakistan* is piloting a CCT programme in Sindh province that requires the recipient household to send one person for vocational training. Although a CCT programme is no substitute for universal basic social protection, it can extend coverage of existing education and health systems, and also help to reduce child labour.

**61. *Contributory programmes*** – A number of countries in the region have been building insurance-based schemes. *China*, for example, is extending old-age pension and health insurance to the rural population. In 2006, *Bahrain* introduced two types of unemployment benefit: an insurance benefit defined as a percentage of earlier wages, and a flat-rate benefit for first-time jobseekers and others who did not fulfil the eligibility criteria for the insurance benefit. In the same year, *Viet Nam* introduced a Social Insurance Law, which stipulated the introduction of compulsory social insurance in 2007, voluntary social insurance in 2008, and unemployment insurance in 2009. Whereas social security schemes for formal sector workers are by nature contributory, coverage for informal economy workers and rural populations may involve a mix of contributory and subsidized social insurance schemes. Such strategies are being developed, for instance, in *Viet Nam*, with social health protection for which premium subsidies vary according to the category of population; in *China*, with an old-age savings account that complements the non-contributory basic universal pension scheme; and in *Thailand*, with a National Savings Fund that complements the 500 baht basic pension scheme, ensuring that the “savings” of the workers are topped up with co-contributions by the Government, thus providing an incentive to contribute.

**62. *Migrant workers*** – One particular concern is that national social protection systems frequently exclude foreign workers. Even when their home country has a social insurance system, migrants generally do not accumulate entitlements when they work overseas. Some Gulf States are now considering portable benefits, as well as allowing migrant workers to join the social insurance systems of their home countries. Extending these forms of cooperation will, however, mean reducing cross-national differences in social protection arrangements. ASEAN member countries, for example, have committed themselves to reducing development gaps in the region, including in their social protection systems.

## Policy coordination and coherence for inclusive and balanced growth and decent work for all

**63.** The region has been able to recover from the crisis more quickly and strongly than anticipated. This may be attributed not only to the lessons learned from the 1997–98 Asian financial crisis, but also to the unprecedented global, regional and national efforts to coordinate fiscal stimulus packages to offset the deflationary effects of the economic crisis on output, consumption and jobs. Now the region needs to draw lessons from this crisis. Achieving full and productive employment and decent work will require similar coordination, even in non-crisis periods, given the region’s persistent and multidimensional jobs shortage and decent work deficits, which require coordinated macroeconomic, employment and social protection policies.

**64.** Most countries have limited scope for promoting employment and social protection through national action alone. Since employment levels can be strongly affected

by trade and investment decisions in other countries, they will depend upon better global coordination. Action by one country can also be quickly sanctioned by international capital markets, as recently witnessed in Europe during the episodes of sovereign debts. Coordination to prevent the lowering of regulations and taxes that excessively reduce the fiscal capacity of governments could be considered. Stronger and more equitable development will depend therefore on greater South–South cooperation to create larger regional markets – for example, through ASEAN, SAARC and the PIF. Policy coordination and coherence will also be required to address some of the recent challenges arising during recovery, including the challenges of huge inflows of foreign capital into the region; global tensions over exchange rates that raise the risk of increased protectionism with adverse impacts on investment and trade; and the return of volatile food and commodity prices. All of these developments have important implications on the region’s labour market.

**65.** Global and regional coordination will also be needed to help build a social protection floor. Many developing countries in the region lack the necessary fiscal and policy spaces, and will thus depend partially on international cooperation for a period. The Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee, for example, which has Asian countries as members, has noted the need to support national strategies to develop and implement social protection systems through a harmonized and coordinated financing mechanism.<sup>22</sup>

*A coherent global response to the crisis also depends on the effectiveness of the multilateral system*

**66.** A coherent global response to the crisis also depends on the effectiveness of the multilateral system. In this regard, the United Nations CEB has, for example, committed to nine joint initiatives, including the Global Jobs Pact, aimed at “boosting employment, production, investment and aggregate demand”, and a social protection floor aimed at “ensuring access to basic social services, shelter, and empowerment and protection of the poor and vulnerable.”<sup>23</sup> Building a more balanced and inclusive world economy will require stronger inter-agency coordination and collaboration with other multilateral organizations and regional organizations, in particular the Asian Development Bank (ADB), ASEAN, the ALO, the GCC Council of Ministers of Labour and Social Affairs, the Islamic Development Bank, SAARC, the International Monetary Fund (IMF), the PIF, the World Bank and the World Trade Organization (WTO).

**67.** At the same time it is critical to coordinate macroeconomic, employment and social protection policies at the national levels, between ministries of labour, economy, finance, and planning, and between sectoral ministries, central banks, statistical offices, and workers’ and employers’ organizations. Ministries of labour in particular will need greater capacity if they are to take a proactive approach to employment generation and social protection for all. Workers’ and employers’ organizations will also need to develop their capacities, since meaningful policy coordination and coherence require effective social dialogue.

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<sup>22</sup> OECD: *Making economic growth more pro-poor: The role of employment and social protection*, Policy Statement, Development Assistance Committee (DAC) High-level Meeting (Paris, 27–28 May 2009).

<sup>23</sup> Secretariat of the United Nations CEB: *CEB Communiqué* (Paris, 5 April 2009).



## Chapter 2

### ***Productive employment, sustainable enterprises and skills development***

**68.** Decent work is central to rebalancing growth. Even before the crisis, there was a rise in non-standard and informal employment, often involving unsafe and unhealthy working conditions. One of the keys to overcoming this situation is education and training, since a better educated and skilled workforce can raise the productivity of workers and enterprises, provide a foundation for future growth, encourage investment and innovation, and also contribute towards higher wages, improved working conditions and lower unemployment.

### **Productive employment**

**69.** Over the past decade Asia has achieved rapid economic growth but has not created sufficient decent jobs. In 2009, nearly 60 per cent of workers in Asia and the Pacific – around 1.1 billion – were in vulnerable employment. The proportion was highest in South Asia, at 77 per cent, followed by South-East Asia, at 62 per cent, and East Asia, at 51 per cent. In the Arab States the proportion was around 25 per cent. Again there are gender issues: 63 per cent of women are in vulnerable employment compared with 58 per cent of men.

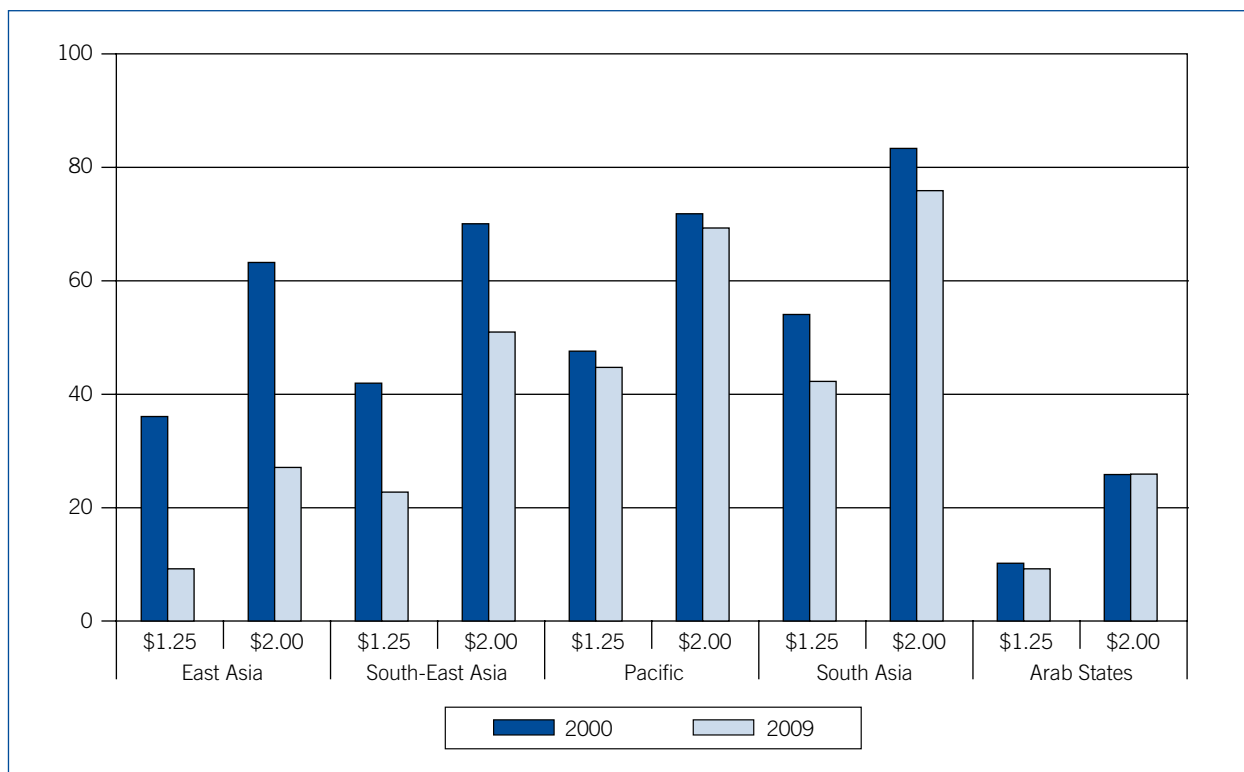
**70.** Most of those in vulnerable employment are in the informal economy, without legal or social protection, and are unlikely to have representation or voice in the workplace. The persistence of this kind of low-productivity and low-wage employment has also limited the growth of the domestic market – inhibiting a virtuous cycle of increasing labour demand, wages, and production.

*Most of those in vulnerable employment are in the informal economy*

**71.** Yet there has been progress. Between 2000 and 2009, in the region as a whole the proportion of workers living in extreme poverty fell from 41 to 23 per cent (figure 2.1). The most rapid decline was in East Asia, from 36 to 9 per cent, followed by South-East Asia, from 42 to 22 per cent. In South Asia, the rate declined from 54 to 42 per cent. Nevertheless, around 868 million workers in Asia and the Pacific – around 46 per cent – still live on less than US\$2 per day, of whom nearly 422 million survive on less than US\$1.25 per day. Asia still accounts for nearly 73 per cent of the world's working poor.

**72.** In Asia and the Pacific most new jobs will be in industry and services. Many jobs in industry will continue to be based on exports, although these will be of higher value added products such as computer chips and cars. However, an increasing proportion of output, particularly in *China*, will be serving domestic demand. The services sector will also have to respond to domestic demand – for health care, for example, on account of the ageing population. In both industry and services, many of these new jobs will be green – a structural shift that will result in some jobs being lost and new green jobs being created; but these new jobs should fulfil the criteria of decent work.

Figure 2.1. Percentage of workers living in poverty and extreme poverty, 2000 and 2009



Source: ILO: *Trends econometric models*, op. cit.

*The starting point for progressively advancing the threshold of decent work is higher labour productivity*

**73.** The starting point for progressively advancing the threshold of decent work is higher labour productivity. Measured as output per worker, this has soared in recent years, driven by massive investment as Asian firms have moved up the production chain to compete successfully in higher value markets. Overall, between 2000 and 2009, output per worker in the rest of the world only increased by 0.4 per cent annually, but in Asia and the Pacific it rose on average by 4.1 per cent.

**74.** The most rapid productivity growth occurred in East Asia, which averaged 8.3 per cent annually, followed by South Asia at 3.9 per cent and South-East Asia at 3.0 per cent. On the other hand, productivity growth in Asia's developed economies and in the Arab States grew by a mere 0.7 per cent annually. At the country level, some of the fastest growths registered between 2000 and 2008 were in *China* (10.5 per cent), *India* (4.9 per cent), *Viet Nam* (5.1 per cent) and *Bahrain* (3.7 per cent). Nevertheless, the Asia-Pacific region as a whole still has some way to go to catch up with the world's developed economies: the output per worker is around one-sixth the level in North America and the European Union.

**75.** However, wages and improvements in working conditions have not kept pace with growth in productivity. To promote decent work, productivity gains should be shared between workers and enterprises through higher wages and better working conditions. ILO tools and training programmes in occupational safety and health (OSH), such as the *ILO Guidelines on OSH Management Systems* (ILO-OSH 2001) or the Work Improvement in Small Enterprises (WISE) programme, could assist many workplaces, including small and informal ones, in improving both OSH and productivity. The joint improvement experiences could enhance dialogue and cooperation between workers and employers, enabling them to build more competitive and decent working environments.

**76.** This process could be assisted by: investing in education and training; making the environment more propitious for innovation and entrepreneurship; adopting sound and equitable labour and social protection laws and regulations; and improving infra-

**Box 2.1. Singapore budgets for productivity and job quality**

Singapore has the highest per capita income in ASEAN, but in the past decade productivity gains have slowed to approximately 1 per cent per annum and output per worker is just over half of the levels in the United States and Japan. The 2010 budget is therefore aiming for sustained and inclusive growth. More than 10 per cent of the 33 million Singapore dollar budget will be earmarked for boosting productivity, with a target of 2–3 per cent annual growth in the next decade. The budget puts a strong emphasis on skills training for which Singapore is creating a National Productivity and Continuing Education Council. In presenting the budget, the Finance Minister stated that “our priority during last year’s global crisis was to keep jobs. Our priority must now be to improve the quality of jobs.”

Sources: *Singapore Budget Speech 2010*; and M. Wijaya: “In Singapore, productivity at all costs”, in *Asia Times*, 23 Mar. 2010.

structure and business services. But ultimately much will depend on good industrial relations and negotiated solutions based on respect for workers’ rights.

**77.** This should sustain a virtuous circle of improved productivity, employment growth and development – and hence safe and decent work. Workers will gain from further training, better working conditions and higher wages. Enterprises will gain if workers are more productive, have more to spend and can boost domestic demand and create new market opportunities. But society as a whole will also gain from better quality products and services, a more equitable distribution of income and wealth, reduced poverty, respect for labour rights, and social equity and national competitiveness.

## Sustainable enterprises

**78.** Stronger and more balanced development requires sustainable enterprises – and this relies on guarantees of the rule of law, as well as institutions and systems of governance that encourage investment and entrepreneurship. But it is also important to balance the interests of businesses with the values and principles of society as a whole, by promoting decent work and environmental sustainability.<sup>24</sup>

*Stronger and more balanced development requires sustainable enterprises*

### Competitiveness

**79.** One of the keys to bringing about sustainable enterprise and job creation is improved competitiveness. Across the region, those economies that have weathered the economic storm better – and recovered faster and stronger – are those that have improved their competitiveness. Since 2005, both *China* and *Indonesia*, for example, have jumped more than 20 places in the global competitiveness ladder. Nevertheless, the Asia and the Pacific region presents a very diverse picture – other countries are much lower down the ladder, such as *Nepal* at No. 130 and *Timor-Leste* at No. 133 (table 2.1).

**80.** Among *Arab States*, the energy-exporting countries have been able to improve competitiveness by using oil revenues to support reforms; as a result, Qatar, Saudi Arabia and United Arab Emirates, for example, have moved into the top tier of the emerging markets. Non-oil-exporting countries have also benefited from the oil boom, through foreign investment and remittances, but have made less progress in increasing competitiveness.

<sup>24</sup> ILO: *Conclusions concerning the promotion of sustainable enterprises*, International Labour Conference, 96th Session, Geneva, 2007.

**Table 2.1. Global competitiveness index, 2010–11 and 2008–09, Asia–Pacific economies**

Country/economy	GCI* ranking 2010–11	GCI ranking 2008–09
Singapore	3	5
Japan	6	9
Australia	16	18
Qatar	17	26
Saudi Arabia	21	27
Korea, Republic of	22	13
New Zealand	23	24
United Arab Emirates	25	31
Malaysia	26	21
China	27	30
Brunei Darussalam	28	39
Oman	34	38
Kuwait	35	35
Bahrain	37	37
Thailand	38	34
Indonesia	44	55
India	51	50
Viet Nam	59	70
Sri Lanka	62	77
Jordan	65	48
Philippines	85	71
Lebanon	92	n/a
Syrian Arab Republic	97	78
Mongolia	99	100
Bangladesh	107	111
Cambodia	109	109
Pakistan	123	101
Nepal	130	126
Timor-Leste	133	129

Note: The 2008–09 ranking is out of 134 countries, and the 2010–11 ranking includes 139 countries.

\* GCI = Global Competitiveness Index.

Source: World Economic Forum: *The Global Competitiveness Report 2010–11* (Geneva, 2010).

**81.** Asia’s experience underscores the importance of maintaining the pursuit of long-term competitiveness during periods of crisis. Thanks to reforms and good macro-management, a number of economies navigated through the crisis and recovered faster. These included: Australia, Bangladesh, Indonesia, Qatar, Singapore, Sri Lanka and the United Arab Emirates. However, the crisis revealed weaknesses in a few countries and pushed them down the rankings – notably Republic of Korea, Pakistan, Philippines and the Syrian Arab Republic.

### *Infrastructure*

**82.** Increasing national competitiveness, as well as expanding markets and consumption, depend on a strong infrastructure. This is a particularly high priority in Asia and

the Pacific, where 23 of the 29 countries for which data are available rank lower in infrastructure than in competitiveness. Good quality roads, railroads, ports, and air transport enable businesses to get their goods and services to market in a secure and timely manner, and allow workers to switch to the most suitable jobs. Improvements in infrastructure would not only place *Bangladesh, India, Indonesia* and *Viet Nam* on a stronger growth trajectory, but also create millions of jobs and reduce income inequalities.<sup>25</sup>

**83.** It is not surprising, therefore, that many of the stimulus packages, in response to the global economic crisis, had large infrastructure components. *China*, for example, is spending \$586 billion in 2010–11 on new railways, subways and airports, and rebuilding communities devastated by a recent earthquake. *Australia* is implementing the largest single infrastructure project in the country's history – a \$43 billion broadband network, which is expected to create 25,000 jobs per year for up to eight years. In *India*, the Government is planning a \$354 billion investment in infrastructure by 2012, with another \$150 billion expected to come from the private sector. In *Indonesia*, the stimulus package includes a sizeable allocation for local resource-based infrastructure investments. In the *Arab States* there are also ambitious regional infrastructure plans, which are aimed at supporting the regional integration of GCC countries. For instance, planned transportation projects in the *United Arab Emirates, Saudi Arabia, Qatar* and *Kuwait* are estimated to be around \$170 billion.

#### *Legal and regulatory environments*

**84.** Well-designed, transparent and accountable regulations enable enterprises to adapt to change, innovate, grow, boost systemic competition and create employment. Improving business regulations means working closely with the private sector – uncovering obstacles to enterprise growth and diversification, and determining the necessary interventions, while ensuring respect for labour and environmental standards.

*Well-designed, transparent and accountable regulations enable enterprises to adapt to change*

**85.** A number of countries have been making efforts to improve their regulatory environments. In the Arab States, for example, eight of the region's economies have reduced or eliminated minimum capital requirements since 2005, thereby making it easier to start new businesses.<sup>26</sup> Many countries have also simplified company registration and reduced the time needed to start a business. Overall, *Jordan* and the *United Arab Emirates* have been among the most active reformers in liberalizing markets. In *Iraq*, the United Nations Private Sector Development Support Programme, initiated by six United Nations agencies and other partners, is helping develop the legal and regulatory environment.

**86.** In the Pacific Island countries, the main constraints to private sector development and job creation have been the remoteness of the countries from global markets and their small domestic markets. In 2009, in response to the global recession, the region's economic ministers agreed on "continuing support for reforms to improve competitiveness and create a stronger platform for resilient private sector-led growth and broad-based economic development".<sup>27</sup> Reforms have already produced results. After some Pacific Island countries liberalized air services, fares to and from *Australia* more than halved. Between 2006 and 2007, in *Papua New Guinea, Solomon Islands* and *Vanuatu*, visitor arrivals more than doubled. At the same time, several Pacific Island countries have improved their legal and regulatory environments for leasing

<sup>25</sup> For the employment effect of infrastructure investment, see ILO: *Protecting people, promoting jobs*, op. cit., p. 25.

<sup>26</sup> World Bank: *From privilege to competition: Unlocking private-led growth in the Middle East and North Africa* (Washington, DC, 2009).

<sup>27</sup> Commonwealth of Australia and the New Zealand Government: *Surviving the global recession: Strengthening economic growth and resilience in the Pacific* (Canberra, 2009).

native land – which has assisted the development of resort hotels. Over the past five years, these reforms have expanded tourism, which has now become one of the most important sources of jobs and incomes.<sup>28</sup>

### *Entrepreneurship*

*In developing Asia, entrepreneurship has a strong tradition*

**87.** A vigorous business environment requires entrepreneurship, innovation and creativity – especially at times of structural change. Nonetheless, entrepreneurship involves more than running a business; it also means constantly improving products, processes and technologies. In developing Asia, entrepreneurship has a strong tradition, often driven by necessity and passed from generation to generation. But the spirit of entrepreneurship and innovation must also be nurtured within the education system. Countries such as *China, Indonesia, Lao People's Democratic Republic* and *Sri Lanka* have therefore incorporated the ILO's "Know About Business" (KAB) training programme into their technical and vocational education and tertiary education systems. These programmes also include respect for workers' rights.

**88.** In the *Arab States*, fostering an entrepreneurship culture among youth has gained increased importance and becomes a priority for ministries of vocational/technical education and training, as well as for ministries of education and higher education. In addition to the Syrian Arab Republic, Iraq, Jordan, Lebanon, Oman, Palestinian Authority, Saudi Arabia and Yemen are exerting efforts for the inclusion of basic business education for young women and men in schools and colleges. Yemen and the Palestinian Authority are also aiming for the inclusion of entrepreneurship education in universities.

**89.** Promoting an entrepreneurial culture must target young women and men – especially in countries that have large informal economies and rapidly growing youth labour forces. Between 2010 and 2020, the economically active youth population is expected to expand by 44 per cent in Afghanistan, 35 per cent in the Occupied Palestinian Territory, 35 per cent in Timor-Leste, 30 per cent in Papua New Guinea, and 25 per cent in Solomon Islands.<sup>29</sup> National strategies for youth employment must therefore prepare many of these young people for self-employment and provide them with effective support services that respond to the needs of young women and men.

**90.** Women too will need support to take advantage of emerging opportunities. In South Asia and the Arab States, the majority of women are economically inactive, and female unemployment can be twice as high as that for males. These issues need to be addressed through gender-sensitive policies and equal access to skills development, entrepreneurial opportunities, financial services and job opportunities (box 2.2).

## Sustaining small enterprises and boosting rural employment

*SMEs employ between 50 and 90 per cent of the region's workforce*

**91.** Across Asia and the Pacific, between 50 and 90 per cent of the workforce are employed by SMEs. But productivity is low – around 20–40 per cent of that in larger enterprises – with the differentials most pronounced in *India, Indonesia, Republic of Korea* and the *Philippines*. SMEs were hard hit by the economic crisis as they had limited resources to help them continue in business. In response, public banks in a number of countries have increased the availability of credit to SMEs – as in *China, India, Japan* and *New Zealand*.

**92.** Further strengthening SMEs could significantly boost productivity and wages and thus living standards and domestic consumption. As the ADB has pointed out,

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<sup>28</sup> ILO: Pacific labour market scenarios: Economic crisis, climate change and decent work, background paper for the Tripartite High-level Meeting: Decent work for sustainable development in the Pacific, Port Vila, Vanuatu, 8–9 February 2010.

<sup>29</sup> ILO: Economically active population estimates and projections database, fifth edition (Geneva, 2009).

**Box 2.2. A gender-sensitive employment policy in India**

India's employment policy bill aims to shift women from invisible work to visible work, from low productive employment – especially in agriculture – to high productive employment, and from low wages and no social security to higher wages with social security. The draft policy includes:

- *Credit* – Access to credit for women entrepreneurs, including home-based workers.
- *Gender sensitive technologies* – New technologies that reduce drudgery in sectors where women's participation is significant: for example, in agriculture, food processing, fishing, plantations, forestry, horticulture, export-intensive manufacturing, tourism and care services, with a view to generating more employment, decent work and higher productivity.
- *Self-help groups* – Formal credit and employment institutions will be linked with the self-help groups (SHGs) to provide a range of services.
- *Entrepreneurship* – Skills and entrepreneurship training will be provided for micro- and small enterprises headed by women.
- *Information* – Information centres and organizational structures will promote decent employment for women in emerging sectors and activities.

rebalancing will depend on the emergence of a larger middle class, which, in turn, will hinge on the dynamism of Asian businesses, especially SMEs.<sup>30</sup> Countries such as *Singapore* offer SMEs continuous and comprehensive support.<sup>31</sup>

**93.** Measures to improve the financing of SMEs can include relaxing collateral requirements, speeding up loan appraisal, establishing revolving credit lines, and creating guarantee and risk-sharing funds, along with venture capital funds. But despite recent government efforts to promote access to finance, this will not be enough. Finance needs to be accompanied by a broad and coherent set of policies – which are likely to include better access to technology, skills and markets. These national efforts can be complemented by regional initiatives such as the ASEAN Policy Blueprint for SME Development (2004–14), which corresponds closely to the Global Jobs Pact.<sup>32</sup>

*Micro-enterprises*

**94.** Beyond supporting SMEs, promoting job-rich growth will also involve supporting micro-enterprises. Most of these take the form of self-employment, which in many developing Asian countries accounts for 30 per cent or more of total non-agricultural employment – as in *Bangladesh, India, Indonesia, Pakistan, Philippines and Thailand*. Micro-enterprises can be supported by providing access to skills upgrading and training – including support for the mostly female workers who did not have adequate basic education and demand-driven skills training when they entered the labour market – while also improving the protection of workers and their families. Many micro- and small enterprises operate in the informal economy, and realistic pathways to allow them to graduate from the informal to the formal economy are required.

<sup>30</sup> ADB: *Key indicators for Asia and the Pacific 2009*, a special chapter on “Enterprises in Asia: Fostering dynamism in SMEs” (Manila, 2009), p. 21.

<sup>31</sup> SPRING Singapore is the enterprise development agency responsible for helping Singapore enterprises grow, at [www.spring.gov.sg/aboutus/pages/spring-singapore.aspx](http://www.spring.gov.sg/aboutus/pages/spring-singapore.aspx).

<sup>32</sup> See ASEAN Policy Blueprint for SME Development (APBSD), 2004–14, at [www.aseansec.org/pdf/sme\\_blueprint.pdf](http://www.aseansec.org/pdf/sme_blueprint.pdf).

**95.** In *Oman*, for example, the Self-Employment and National Autonomous Development Programme (SANAD) provides low-interest loans, skills training, business mentoring and consultancy services. In the *Republic of Korea*, the Government announced in 2009 that the Microfinance Foundation would provide \$1.7 billion over the following ten years to low-income micro- and small businesses and start-ups; it is expected to assist around 250,000 low-income households.

#### *Rural enterprises*

*Three-quarters of the region's poor live in rural areas and depend on agriculture*

**96.** Three-quarters of the region's poor live in rural areas and depend on agriculture. Rural workers are often underemployed and have low incomes, and most of the time they are not covered by national labour law or labour market institutions and have little access to social protection. Representation also tends to be weak, so they rarely have their rights realized or enforced. Those working on the land often tend to be women, in some instances with their children, and they are particularly vulnerable. Agriculture continues to harbour the largest proportion of child labour, with most of these children working as unpaid family workers and in hazardous circumstances.

**97.** Boosting productivity and incomes for the poorest agricultural workers will mean tailoring agricultural support services to serve the needs of the small farms that engage the bulk of the rural population – and offering them greater access to infrastructure, capital, technology and know-how, finance, skills training and markets. Countries such as *China* and *Viet Nam* have shown what can be achieved by investing heavily in agriculture and rural development. In *China*, productivity growth in agriculture, combined with improved rural infrastructure, is thought to have reduced poverty four times more than growth in industry or services.<sup>33</sup>

**98.** At the same time, there should be opportunities to boost non-farm employment – through SMEs, including cooperatives and other community-based organizations. Rural enterprises are an increasingly important source of employment and can exploit new market opportunities, both from rising domestic demand and greater integration in global food and production chains, as in the case of cotton. But if women and men in rural communities are to achieve the full benefits of this evolution, they need a fair share of the income in the value chain (box 2.3). Rural development must, however, also take full account of potential stress on natural resources to ensure that development is environmentally sustainable (see Chapter 3).

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#### **Profile D: Nepal**

“I am now debt-free.”

*Asma Khatoon, 45 years of age, Dhanusha, Nepal*

“I am a 45-year-old Muslim woman living with eight family members at Ward number 2, Baramjhiya Village Development Committee of Dhanusha District, Nepal.

“Our land of about 1,700 square metres yields only about three months' worth of food a year. I earn 500–1,000 Nepalese rupees (NPRs) per month from traditional birth attendant work. I joined in a labour group as a team leader and did about 200 days' work in one of the irrigation projects supported by the ILO. I earned 55,000 NPRs from labour work, especially from earthen work.

“I had never earned that much money in my life. As a result, I have paid off a 40,000 NPRs loan we took out for my daughter. I am now debt-free. I am very happy to continue investing in our land, which now has irrigation, and I hope to start increasing our food production in a few months' time.”

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<sup>33</sup> See World Bank: *World Development Report 2008: Agriculture for development* (Washington, DC, 2007).



**Box 2.3. Worker representation in global food chains**

Farmers and final consumers are linked by long global supply chains, and yet farmers receive only a relatively small share of the eventual sale price. Most of the profit goes to the powerful lead firms in the chain, who drive down the prices they pay their suppliers, since in many countries supermarkets compete primarily on price. As a result, food suppliers find it increasingly difficult to pay decent – or even legal – wages, or to provide good employment conditions. Instead, they turn increasingly to flexible labour.

However, some companies have good records that others could follow, having arrived at collective agreements covering a wide range of issues. These include respect for trade union rights; equality of opportunities; negotiation over new technology; reductions in working hours; and exchanges of information.

Source: ILO: *The impact of global food chains on employment in the food and drink sector*. Issues paper for discussion at the Tripartite Meeting to Examine the Impact of Global Food Chains on Employment (Geneva, 2007).

## Education and skills development

**99.** The Decent Work Agenda highlights the importance of investing in a highly productive and skilled workforce as the basis for expanding growth potential and opportunities for women and men.<sup>34</sup> Many Asian nations need to concentrate therefore on good quality universal education, vocational training, core work or employability skills and lifelong learning. A well-trained and productive workforce is a critical pillar for employability and sustainable enterprise development. Not only does it support the transition from the informal to the formal economy, but it enables people to seize the opportunities afforded by economic and technological change.

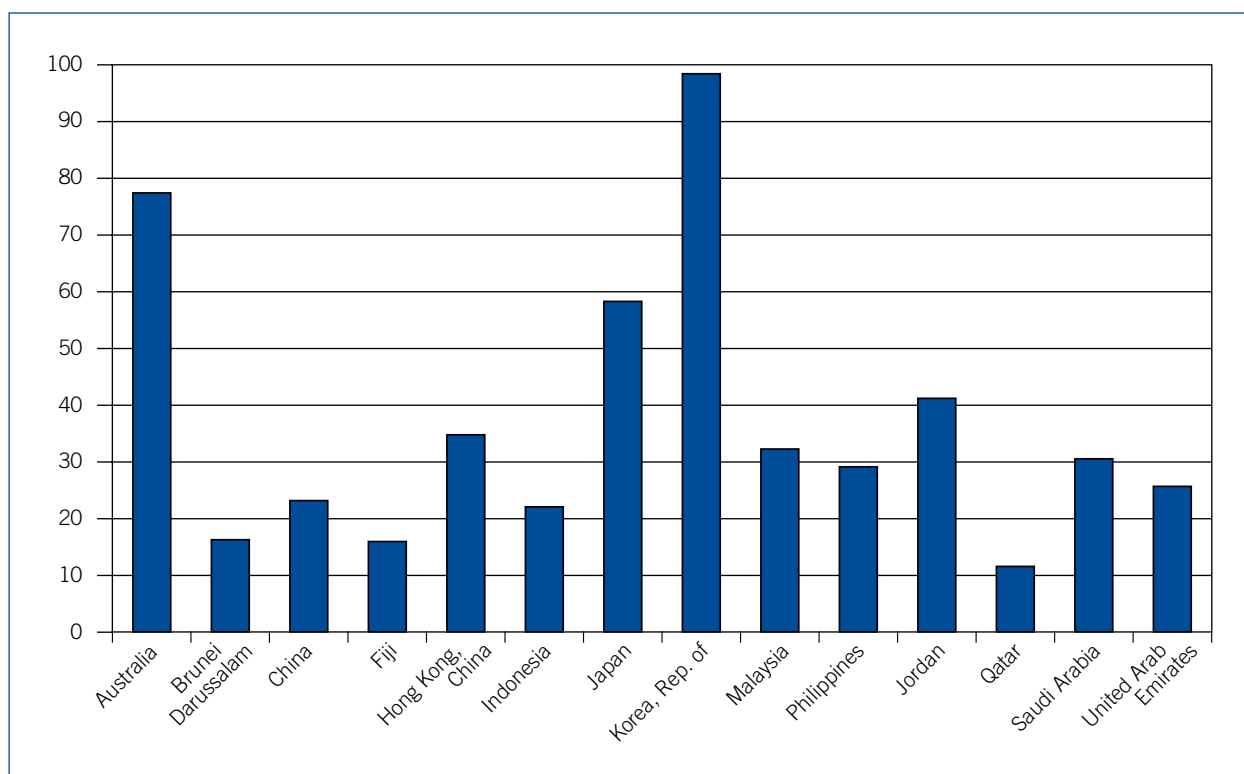
**100.** To increase the overall education level and employability of young women and men, many developing countries have been increasing the pool of workers with basic education and technical skills. In *India*, for example, the country's 11th Five-Year Plan (2007–12) aims at increasing the number of newly skilled workers from 2.5 million to over 10 million per year. In other countries such as *China*, *Malaysia* and some Arab States, the strategy has been somewhat different. In order to move up to higher value-added production and services, they have been investing more in secondary and tertiary education. A case in point is the *Syrian Arab Republic's* 11th Five-Year Plan (2011–15), which integrates higher education levels and skills development through specific measures to achieve higher employment rates and address unemployment.

**101.** But figure 2.2 clearly illustrates that tertiary educational enrolment in the majority of the countries still falls far short of the level in the region's more developed economies.

**102.** Many countries have increasingly aimed for more market-oriented and effective skills training. Governments have encouraged public–private partnerships for planning, financing and standard-setting training programmes. *Malaysia*, for example, has established a National Council on Skills Development, with the participation of both the public and private sectors. This has ensured that the training matches the National Occupational Skills Standards (NOSS) and responds to the needs of relevant industries. *Singapore*, too, has been able to ensure strong private sector and multi-stakeholder involvement. *Jordan* has established a new Employment-Technical Vocational

*The Decent Work Agenda highlights the importance of investing in a highly productive and skilled workforce*

<sup>34</sup> ILO: *Conclusions on skills for improved productivity, employment growth and development*, International Labour Conference, 97th Session, Geneva, 2008.

**Figure 2.2. Gross enrolment in tertiary education, selected economies (percentage of population)**

Source: World Bank: *EdStats*, 2010.

Education and Training (E-TVET) Council, composed of all stakeholders – including the private sector – to ensure coordination for the ongoing skills development reform process. In *Iraq*, the ILO is assisting in revitalizing TVET, which ceased to function as a result of the war. It is adopting a comprehensive approach, which includes a TVET policy; new short-term programmes and curricula; skills upgrading of trainers; rehabilitation of training centres; and upgrading of management skills.

### *Skills training*

*Skills training produces better outcomes when tailored to meet labour market needs*

**103.** Almost all the economic stimulus packages also involved greater investment in skills training and retraining. Some programmes have trained jobseekers to improve their employability; others have trained the employed to upgrade their skills during periods of idle demand, while keeping them attached to the enterprise. Most countries also kept an eye on longer term objectives that address competitiveness through a well-trained and productive workforce. Addressing skills mismatches and the employability of the workforce have therefore been priority areas. In *Australia*, for example, the Skilling Australia for the Future initiative, introduced in 2008, aims to drive productivity growth, increase workforce participation and address chronic skills shortages. *Singapore*'s Skills Programme for Upgrading and Resilience (SPUR), developed in consultation with the tripartite partners in late 2008, intends to cut labour costs, help workers upgrade skills and switch to new jobs. In these and other programmes, skills training produces better outcomes when it is tailored to meet labour market needs and is targeted towards the disadvantaged such as youth and displaced workers.

### *Employment services*

**104.** At the same time, most Asia–Pacific countries aimed to assist retrenched and vulnerable workers by strengthening public employment services. *China*, for instance, helped retrenched migrants by extending public employment services to rural areas,

and the *Philippines* set up mobile overseas teams to assist migrants in *Dubai* and the *Republic of Korea*. *Cambodia*, *India*, *Lao People's Democratic Republic*, *Malaysia*, *Pakistan* and *Viet Nam* have enhanced their networks of job centres. Such services rely on timely labour market information, and are more effective if they can establish strong links with the private sector, including SMEs. Generally, however, they struggle to reach enterprises in the informal economy.

### *Quality of the workforce*

**105.** In the post-crisis era, priorities will shift to the quality of the workforce. In the wake of the economic crisis, and as part of the move to stronger and more balanced and sustainable development, countries have introduced major reforms to their education and training policies. The steps they take depend on national circumstances – but most countries are focusing on market orientation, private sector involvement and quality-based training delivery. Low-income and lower middle-income countries who want to move from agriculture, mining and informal services to manufacturing, could envisage broadening access to secondary, technical and vocational education and concentrate on higher quality delivery and employability. A few countries, however, have yet to achieve even universal basic education, especially for girls. In *India*, the recent education bill provides a good example of how to address this problem. In April 2010, the Government announced a landmark law, which makes free education a fundamental right for all children between the ages of 6 and 14 years.<sup>35</sup>

**106.** Middle-income countries with a sizeable manufacturing sector, such as *China*, *Indonesia*, *Jordan* and *Malaysia*, wish to raise enrolment rates in secondary and tertiary education. In *Malaysia* the New Economic Model, unveiled in March 2010, aims to make *Malaysia* a developed economy by 2020 and includes measures to boost the quality of the workforce through education.<sup>36</sup>

### *Educational quality*

**107.** As well as increasing educational enrolment, many countries want to improve educational quality. The OECD Programme for International Student Assessment (PISA) survey showed that students from *Indonesia*, *Jordan* and *Thailand* performed below the average for middle-income countries, and significantly below the OECD average.<sup>37</sup> It also found that a large proportion of the students from middle-income Asian countries were not proficient in mathematics, science or reading. The fact that there were still high levels of gender segregation in vocational education and training, with girls moving into limited skill areas considered suitable for them, hampered women's future employability. Young women and men should both be encouraged to learn skills that are in demand in the labour market, so that they can secure jobs based on their interests and merit rather than their gender.

**108.** The quality of education and innovation can be raised through concerted efforts by governments, universities, workers' organizations – as well as teacher unions – and the private sector. These efforts could include the introduction of quality assurance and accreditation processes, the training of trainers and improved management capacities, which need to be in place to achieve this progress. Attention should also be paid to teacher policies that seek to ensure sound initial teacher education, continual professional development, and remuneration and incentives that compare favourably with competing occupations requiring similar skills and competencies. Last but not least, there should be decent teaching/learning conditions

*Many countries want to improve educational quality*

<sup>35</sup> AFP: R.J. Nair: *India pledges education for all children*, 1 April 2010.

<sup>36</sup> "Malaysia outlines new growth strategy", in *The New York Times* (New York), 30 March 2010.

<sup>37</sup> OECD: *PISA 2006: Volume 1: Analysis* (Paris, 2007).

that encourage the recruitment, retention and effective performance of high-quality teachers and trainers.<sup>38</sup>

**109.** Better scholarship opportunities and strengthened cooperation with leading universities and research institutes could further contribute to innovative capabilities. In the *Republic of Korea*, such measures have attracted qualified researchers, promoted innovations and resulted in technology firm spin-offs. At the vocational and tertiary levels, curricula will need stronger industry input to ensure that they are demand driven and that courses include work experience programmes that are sufficiently attractive to employers and induce them to start recruiting trainees. Teachers' skills can also be improved – as, for example, in the Penang Skills Development Centre in *Malaysia*. In *Japan*, the ILO has supported a fact-finding mission, carried out by the Joint ILO–UNESCO Committee of Experts on the Application of the Recommendations concerning Teaching Personnel (CEART), to advise the Government, private sector and teachers' unions on ways to improve the teacher assessment and merit-pay systems in line with international standards and the interests of a high-quality, high-performing education system.<sup>39</sup> Employability skills – or core work skills – are increasingly critical and relevant, and contribute to the competencies required by employers. Courses in this area can also increase the awareness of workers' rights.

#### *Workplace learning*

**110.** It is also important to consider on-the-job and workplace learning. In fact, most learning takes place at the workplace, which makes the private sector a vital contributor to both enterprise and national competitiveness. To encourage staff training, particularly in SMEs, governments can provide businesses with incentives to invest in workforce development, while also encouraging individuals to take advantage of opportunities for lifelong learning and career development. Governments and workers' and employers' organizations can, together, create effective workplace learning structures, and ensure quality assurance and assessment/certification of work experience and prior learning – as has been done in *Singapore*.

#### *Identifying future skills needs*

**111.** Ensuring that workers have the relevant skills implies disposing of well-developed mechanisms and information systems that can identify future needs. These would allow countries to adjust educational curricula and enable training providers to prepare relevant programmes. This information would also assist young women and men in basing their career and training choices on realistic employment prospects, and help existing workers and their employers make informed investment decisions on their training programmes and choices of technology.

**112.** For this purpose, it is important to collect data on the existing skills of the workforce, while also tracking employment and technology trends in those industries with high-growth potential. Training institutions and the social partners could support such monitoring through sectoral bodies, and bipartite and tripartite institutions.

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<sup>38</sup> ILO–UNESCO: *Joint ILO–UNESCO Committee of Experts on the Application of the Recommendations concerning Teaching Personnel (CEART)*, report, tenth Session, 30 September–2 October 2009 (Paris, 2010); ILO: *Consensus points of the Forum*, Global Dialogue Forum on Vocational Education and Training, Geneva, 29–30 September 2010, Geneva, forthcoming.

<sup>39</sup> ILO–UNESCO: *Report of the fact-finding mission to examine allegations of non-application of the Recommendation concerning the Status of Teachers in Japan, 20–28 April 2008*, CEART (Geneva, 2008).

*Migration, skills and development*

**113.** Asian migration flows are likely to intensify in the next decade, with the demand for high-level professionals and skilled workers outpacing that for lesser skilled labour – a trend that will accelerate with deeper regional integration. With ageing populations and shrinking workforces, Asia’s high-growth economies will compete for home-grown talent – which may increasingly opt for higher paid jobs and better working conditions in Europe and the United States. This will have important implications for the management of migration flows and national labour markets, affecting education, skills and training.

**114.** ASEAN has recently moved towards greater intraregional labour market integration for professionals and skilled workers. It has made efforts to harmonize and develop a common set of professional standards for selected occupations, for instance in tourism and health care, and to establish a regional framework for competency standards and skills recognition. The more advanced economies especially will benefit from the in-migration of highly skilled workers, as they enhance the quality of life and well-being in the host countries. In countries of out-migration, the outcomes are not so clear. The source countries benefit from remittances, but they may also be concerned about a brain drain and loss of talent, which deplete an already limited national human resource base. A case in point is the South Pacific, where emigration has hampered economic reform and social development.

**115.** Both sending and receiving countries will need forward-looking policies and programmes that consider human resources within a highly competitive global labour market. Some of these policies are listed in box 2.4.

**Box 2.4. Policies for managing migration**

- Liberalizing the movement of labour, including a phased approach in the area of professional manpower; removing barriers to interregional mobility can bring major benefits.
- Standardizing visa and work permits for professionals across the region and allowing short-term entry of independent service providers on work permits.
- Encouraging greater mobility, accompanied by efforts to safeguard and improve education and professional standards.
- Helping educational institutions develop and expand education and training capacities to enable national workers and migrants to adjust, integrate and upgrade their skills.
- Recognizing the inevitability of designing both emigration and immigration policies, striking a viable balance in demonstrating and communicating to citizens the need for continued or increased immigration across the full range of skilled and unskilled labour.
- Improving data availability. The region needs to consider the best methods of assembling and analysing information on the stocks, inflows and outflows of professional manpower, with the assistance of immigration offices and manpower/labour departments.
- Developing sound labour migration infrastructures, and training of migration professionals. Economies with considerable experience of migration policy, for example Australia and New Zealand, can assist other countries in dealing with labour migration.

*Promoting social inclusion*

*Education and training can help disadvantaged groups break out of the vicious circle of poverty*

**116.** Education and training can help disadvantaged groups break out of the vicious circle of low-skill, low-productivity and low-wage employment, and empower them to take advantage of emerging opportunities. These efforts should also focus on workers in the informal economy and address discrimination against women. In the Arab States, for example, young women are less likely to enrol in technical and vocational training – mainly because they perceive that these institutions provide skills associated with male-dominated manual labour. Girls are more likely to participate in skills training programmes if the curricula are gender sensitive, and if there are more adaptable training methods and incentives that encourage girls to expand their occupational choices.

**117.** It is also vital to consider the rights of workers with disabilities. More than 10 per cent of the population in Asia and the Pacific have some form of disability, and most suffer from severe discrimination in the labour market and the workplace, and exclusion from education and training.<sup>40</sup> When people with disabilities have full access to employment, their performance can exceed the average – as indicated by employers in *Sri Lanka's* Employers' Network on Disability.

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<sup>40</sup> R. Metts: *Disability issues, trends and recommendations for the World Bank*, Social Protection Discussion Paper Series No. 0007 (Washington, DC, World Bank, 2000).

## Chapter 3

### *Green jobs and a just transition*

**118.** Nowadays, governments across Asia and the Pacific are more aware of the need to consider the way in which human activities affect the natural environment, and particularly the climate. Added to this, they are taking into account a series of inter-related pressures – including the recent food and energy crises and persistent water shortages. Policy-makers are thus aiming for more balanced development – achieving sustainable patterns of production and consumption while creating decent work opportunities. One of the most productive options is to create more “green jobs”, that is quality jobs that help preserve the environment while promoting opportunities and equity.

**119.** Adapting to this changing environment and creating more green jobs should ensure a “just transition” for enterprises, employers and workers. This chapter considers the linkages between the environment and the labour market and provides examples of green jobs creation. It introduces the “Green Economy Initiative” and three elements of a just transition.

*Creating more green jobs should ensure a “just transition” for enterprises, employers and workers*

### The impact of environmental changes on employment policy and responses

**120.** *Environmental impact on jobs* – Direct natural effects include environmental degradation or natural disasters, but there are additional repercussions – such as changing patterns of consumption, as people turn to more environmentally friendly goods and services, and other actions by civil society and governments.

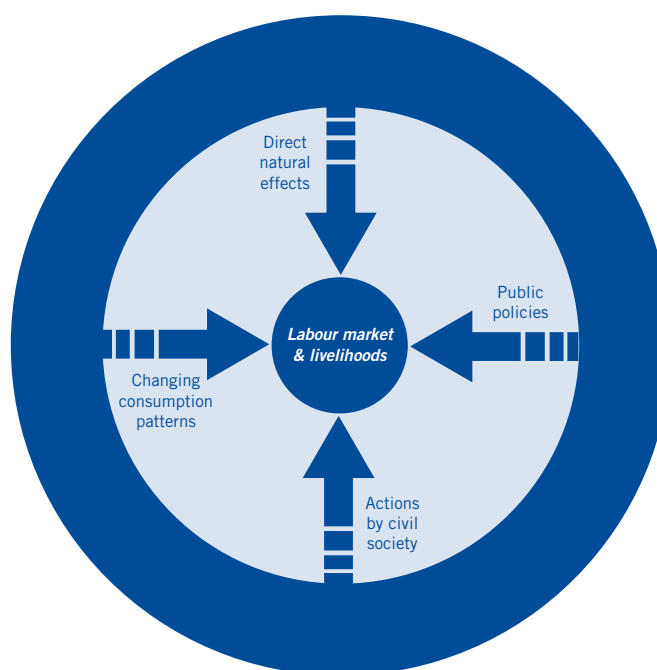
**121.** Some of the most direct effects of climate change can be witnessed in coastal areas, either as a result of erosion or rising sea levels – which could submerge much of the *Maldives*, for example, and inundate almost one-fifth of the land in *Bangladesh*.<sup>41</sup> Similarly, in the Arab States, a sea level rise of 1–5 metres would affect 5–12 per cent of coastal areas; *Bahrain*, a small island State, is especially vulnerable. Many of the largest urban areas are located on coasts: of the top eight cities in the world most exposed to flooding and damage from extreme weather events, six are in Asia. People working in coastal areas will also be the most affected by the damage to marine resources resulting from agricultural and industrial pollution, unsustainable coastal management practices and over-fishing.

**122.** In rural areas the greatest employment impact will be on agriculture. Rising temperatures and extreme weather events could, by 2020, reduce crop yields, especially in South Asia, by as much as 10 per cent. This would compound the effects of massive deforestation, loss of biodiversity, soil erosion, water contamination, and poor waste management. There will also be increasing pressures on water resources. An estimated 1.2 billion people could experience freshwater scarcity by 2020; the freshwater supply is expected to decrease in South-East, Central, East and South Asia,

*Rising temperatures and extreme weather events could reduce crop yields by as much as 10 per cent*

<sup>41</sup> World Bank: *2010 World Development Report: Development and climate change* (Washington, DC, 2010).

Figure 3.1. The impact of environmental and climate changes on the labour market and livelihoods



and in the Arab States. In the *Arab States*, climate change would result in a reduced average rainfall in Jordan, occupied Arab territories and the Syrian Arab Republic; a 50 per cent decline in renewable water in the Syrian Arab Republic; and greater water shortages in Yemen. A temperature increase of 1.2 degrees Celsius would reduce available water in Lebanon by 15 per cent, following on from the change in rainfall patterns and evaporation.<sup>42</sup> And millions of people could become environmental refugees, and assets and businesses could be lost, as a result of desertification and rising sea levels.

**123.** Overall, the costs of climate change could be huge. The *Stern Review* estimated that climate change would reduce consumption per head by between 5 and 20 per cent. Without further mitigation or adaptation, *Indonesia, Philippines, Thailand* and *Viet Nam* could, over the long term, suffer mean annual losses of 5.7 per cent of GDP.<sup>43</sup>

**124.** *The impact of environmental policies* – In addition to being exposed to climate change, some emerging economies in the region are themselves significant emitters of greenhouse gases – usually linked to production or deforestation. More than 70 per cent of CO<sub>2</sub> emissions come from consumer-related activities in developed countries such as the *United States*. However, in rapidly industrializing countries, such as *China*, more than 70 per cent of these emissions come from industry and the production of steel, cement and aluminium. Because of their relatively low levels of industrialization, the Arab States have modest levels of emissions at present, but these are rapidly accelerating. When governments in Asia act to curb carbon emissions, this will first affect workers in manufacturing and industry, as well as those populations living in buffer zones around the forests.

**125.** Setting economies along low-carbon, climate-resilient paths will require strong government intervention based on clear visions and long-term strategies. The aim of a post-Kyoto international climate change agreement on regulation of carbon emis-

<sup>42</sup> UNDP: *Arab Human Development Report 2009: Challenges to human security in the Arab countries* (Beirut, 2009).

<sup>43</sup> ADB: *The economics of climate change in Southeast Asia. A regional review* (Manila, 2009).



sions at regional and global levels would be to establish a level playing field and avoid “carbon leakages”. Market forces will play a part but, in the short term in particular, countries will need to be guided by government regulations and incentives, which will affect job creation and maintenance.

**126.** Following the Copenhagen Accord (December 2009), several countries across the region set greenhouse gas emission reduction targets. *Indonesia*, for example, has targeted a 26 per cent reduction for 2020 against 2005 levels, and up to 41 per cent in the case of international assistance; and the *Maldives* has declared that within the next decade it will become the first carbon-neutral nation. The Arab Ministers of Environment issued a Ministerial Declaration on climate change in 2007, which they reaffirmed in 2009, undertaking, among other things, to promote cleaner fuels and improve energy efficiency. It remains to be seen what policies and actions will be taken to put this pledge into effect.

**127.** More research is needed on the impact of low-carbon policies on jobs. But it seems clear that the number of green jobs will grow with net, albeit limited, positive effects and some shifts in the labour market. Moreover, increasing demand in developing Asia will boost the labour force in the productive sector which, faced with rising prices, will need to invest in environmentally sustainable technologies and practices and in reskilling their labour forces, as they transform production processes and supply chains. In *India*, for example, the total manpower directly used in the steel industry will grow from 213,000 in 2010 to 439,000 by 2012, and to 750,000 by 2020.<sup>44</sup> In Asia, energy demand is expected to grow by at least 50 per cent between 2010 and 2030. This will involve increases in the use of coal, although the share of renewable energy sources in the national energy mix will also increase.

**128.** At present around 38 per cent of the global workforce is employed in carbon-intensive sectors. This workforce is likely to be exposed to restructuring and may be destabilized, making it vital to plan for supportive measures throughout the transition period, in particular for those who suffer most. In *China*, for example, a number of polluting, energy-inefficient and unsafe factories in the steel, paper, cement and dyeing industries were forced to close down at short notice in 2010.

*Some 38 per cent of the global workforce is currently employed in carbon-intensive sectors*

**129.** Measures for achieving emissions targets include carbon taxes and cap-and-trade schemes to make companies and consumers internalize carbon emission costs. These measures not only influence corporate and consumer behaviour but also generate revenues that may be invested in renewable technologies – liable, in turn, to generate more employment. The ILO’s *World of Work Report 2009* estimated that carbon taxes and cap-and-trade schemes, if accompanied by job support such as cuts in non-wage labour costs, could, over a five-year period, increase the number of jobs in developed countries by 2.6 million, and in the world as a whole by 14.3 million. Unfortunately, carbon taxes and cap-and-trade schemes require efficient systems for data collection and enforcement that are currently beyond the capacity of many countries. A more immediate – and technically more straightforward – option is to reform fossil fuel and pesticides subsidy programmes. In this context, it would be critical to accompany such reforms with measures supporting the most vulnerable groups affected by such redistribution schemes.

## Changing consumption patterns and voluntary actions by business and civil society

**130.** Changing consumer habits and increased information requirements on the quality and environmental footprint of products have put increased pressure on businesses to improve their communications and come up with environmentally friendly products.

<sup>44</sup> Government of India, Ministry of Steel: *Annual Report 2009–10* (New Delhi, 2009).

Although most consumers make decisions based on price and maintenance costs, there is also an emerging green economy – for example, for organic fruits and vegetables, cleaner cars and environmentally friendly tourist destinations and activities. As a consequence, businesses are increasingly redirecting their research and development budgets and increasing environmental and health-related training and education for their workers.

**131.** Businesses and civil society can make a contribution where public policies are less effective – as in informal economies or in remote areas. For instance, some industries are taking voluntary initiatives on environmentally socially responsible practices beyond the workplace. A number of national and international companies have established “green jobs councils” with the aim of creating green jobs – not just in workplaces but throughout the supply chains. Such structures can strengthen workers’ voices and initiate dialogue between workers and managers on these new issues without being an alternative to formal workers’ organizations or channels of social dialogue.

**132.** Environmentally friendly productive jobs have also resulted from actions by local and international non-governmental organizations (NGOs) in the field of fair trade. Furthermore, women’s associations and local cooperatives have created productive jobs, improving decent work in the field of renewable energy, waste management and organic farming.

*Social businesses can increase incomes and diversify livelihoods for the low skilled*

**133.** Social businesses are playing an increasing role. In *Bangladesh*, for example, Grameen Shakti is seeking to enhance renewable energy sources for rural areas; and a joint Grameen Danone venture provides affordable nutritious foods for the local poor in an environmentally friendly way, through the creation of green jobs. Although in their infancy across the Asia and the Pacific region, social businesses can increase incomes and diversify livelihoods for the low skilled.

## Creating green jobs: Progress and potential

**134.** Measures for creating more green jobs have featured in recent fiscal stimulus packages (see table 3.1.). These included investment in rail transportation, water infrastructure, grid expansion and improved building efficiency. In *China*, half the spending was allocated to railways and the construction of water infrastructure. Even before the financial crisis, the Government had projected the need for green investments at around 1.35 per cent of GDP.<sup>45</sup> The *Republic of Korea* has also been keen to encourage green growth and allocated almost 80 per cent of the total stimulus package to environmental themes such as renewable energy, energy-efficient buildings, low-carbon vehicles and the restoration of four major rivers. Under the Five-Year Plan for Green Growth, adopted in July 2009, 2 per cent of GDP will be spent on climate change and energy, sustainable transportation and the development of green technologies. This is expected to create a large number of jobs with decent work in green industries.

**135.** Public investments of this nature and enabling activities in environmentally friendly sectors contribute to the creation of green jobs – in activities that reduce the total demand for energy and raw materials, avoid greenhouse gas emissions, minimize waste and pollution, or provide ecosystem services such as clean water, flood protection and biodiversity. These jobs can provide social, economic and environmental benefits, while directing the economy toward a path of low carbon, environmentally friendly growth.

**136.** But the potential will vary according to the “poles of growth” in each country, and its demographic, economic and environmental profile. Low-income, labour-rich countries can generate many green jobs through public or private investment

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<sup>45</sup> UNEP–Green Economy Initiative: *Global Green New Deal: An update for the G20 Pittsburgh Summit* (Geneva, 2009).

programmes, particularly in areas such as water conservation, irrigation infrastructure, dams, sustainable buildings, flood control and protection, drought proofing and land development. But these new jobs must also provide decent work. With the assistance of the ILO, labour-intensive public investment programmes have been implemented in *Bangladesh, India, Indonesia, Nepal* and the *Philippines*. An ILO study on *India's National Rural Employment Guarantee Act (NREGA)* has also

**Table 3.1. Green investments within stimulus packages in Asia and the Pacific**

Country	Green fund % of total GDP	Energy and environment-related spending (\$ billions)	Green fund % of economic stimulus	Estimated increase in employment	
Australia	0.87	2.5	21	n/a	Construction, transport, energy.
China	5.24	218.0	34	n/a	Railway infrastructure, grid, energy efficiency in buildings, low-carbon vehicles, waste water treatment, forestry.
Japan	0.74	12.3	6	1,000,000 jobs in eco-friendly industries, energy, transport, construction, manufacturing	The green initiatives cover energy saving and new energy technologies; development of high-speed railways; investments in energy saving and new energy; research and development, including for carbon dioxide capture and storage.
Korea, Republic of	6.99	37.0	79	960,000 jobs over 4 years in transport, energy, manufacturing	The Green New Deal Job Creation Plan is investing \$5.8 billion in renewable energy and energy conservation (170,000 jobs), \$1.7 billion in forest restoration (130,000 jobs), \$690 million in water resource management (160,000 jobs), and \$10 billion in river restoration (almost 200,000 jobs).
Philippines	n/a	n/a	n/a	110,000 jobs	Jobs to be created in reforestation, renewable energy in rural areas, retrofitting of public utility vehicles and the building of bicycle lanes.
Singapore		0.7	5	11,000 jobs for environment and water technology, 7,000 for clean energy industry by 2015	Dedicated support for environment sustainability.
Thailand		n/a	n/a	40,000 clean and new jobs	Targets an alternative energy mix of 20 per cent of energy demand by 2022. Jobs to be created in bio-fuels, co-generation from biomass and biogas.

Sources: UNEP–Green Economy Initiative: *Global Green New Deal*, op. cit.; N. Robins, R. Clover and C. Singh: *A global green recovery? Yes, but in 2010* (London, HSBC Global Research, August 2009); IMF; Government sources and Xinhua News Agency (China), CNBC (Singapore).

demonstrated the potential for green jobs and decent work.<sup>46</sup> Although very preliminary, this work has been promising, and the Preparatory Committee for the United Nations Conference on Sustainable Development, held in May 2010, invited more research on the subject.<sup>47</sup>

*Creating green jobs will also depend on vocational training and skills development*

**137.** Creating green jobs will also depend on vocational training and skills development programmes tailored to industry requirements. Many countries are reporting significant skills shortages in various emerging sectors, such as solar panel manufacturing in *China*, solar panel installation and maintenance in *Bangladesh*, and agribusiness in the *Philippines*. Preliminary findings from the green jobs assessment in *Lebanon* have identified skills gaps as one of the key barriers that may hinder the serious efforts undertaken by the Government to promote solar energy nationwide. *Australia, China, Japan, Republic of Korea* and *Malaysia* have used the crisis as an opportunity to address the emerging green skills needs.<sup>48</sup>

**138.** *Australia's* A\$94 million green jobs programme, for example, aims to employ the long-term unemployed or socially marginalized youth, envisaging a total of 50,000 new green jobs. *Fiji* has invested in green employment: the National Employment Centre and National Employment Fund also aim to promote green jobs and green industries. The ILO carried out a scoping study this year in four Pacific countries – *Fiji, Samoa, Solomon Islands* and *Vanuatu* – to assess sectors and industries likely to be impacted by climate change. This revealed low awareness of – or preparation for – the potential employment opportunities in this field.

## The Green Economy Initiative

**139.** The ILO is a partner in the United Nations Green Economy Initiative, which highlights the potential for job-centred growth and ways to fuel a sustainable recovery. Globally, it has been estimated that kick-starting the “green economy” would require green investments of 1 per cent of GDP through various economic means and innovative financial schemes. In support of such policies, *Indonesia*, for example, has launched a plan for a \$1 billion Climate Fund, in particular for the reduction of carbon emissions from deforestation and renewable energy. Other governments in Asia have introduced measures such as zero interest loans for green companies, procurement of green products and services, subsidies for carbon-efficient infrastructure such as high-speed railways, and tax incentives for research and development in energy saving and new energy.

*The Green Economy Initiative aims to identify dynamic synergies*

**140.** The Green Economy Initiative aims to identify dynamic synergies and target those “poles” of green growth that are within a country’s capacity. It also focuses on better production methods including:

**141.** *Energy and materials efficiency* – Globally, every additional dollar invested in energy efficiency avoids more than two dollars in supply-side investment. Labour-intensive options include retrofitting buildings with energy-saving solutions such as solar water heaters, insulation, and better lighting control. Renewable energy technologies in general could be an increasingly important source of decent work, although job intensity

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<sup>46</sup> Development Alternatives–ILO: NREGA: *A study on decent work and green jobs undertaken in the Kaimur district of Bihar* (New Delhi, March 2010).

<sup>47</sup> United Nations: *Progress to date and remaining gaps in the implementation of the outcomes of the major summits in the area of sustainable development, as well as an analysis of the themes of the Conference*, Report of the Secretary-General, Preparatory Committee for the United Nations Conference on Sustainable Development, First Session, May 2010, A/CONF.216/PC/2, para. 54, p. 19.

<sup>48</sup> Assessments of skills needs for the green transition and of policy responses in eight Asia and Pacific countries were included in an ILO Global Report on skills for green jobs. The country background reports are available at [www.ilo.org/skills/what/pubs/lang--en/index.htm](http://www.ilo.org/skills/what/pubs/lang--en/index.htm) for *Australia, Bangladesh, China, India, Indonesia, Republic of Korea, Philippines* and *Thailand*.

**Box 3.1. The Green Economy Initiative**

The Green Economy Initiative is designed to assist governments in “greening” their economies by reshaping and refocusing policies, investments and spending towards a range of sectors, such as clean technologies, renewable energies, water services, green transportation, waste management, green buildings and sustainable agriculture and forests.

Greening the economy refers to the process of reconfiguring businesses and infrastructure to deliver better returns on natural, human and economic capital investments, while at the same time reducing greenhouse gas emissions, extracting and using less natural resources, creating less waste and reducing social disparities.

Source: UNEP.

can vary considerably. In *China*, under the well-advanced Energy Efficiency and Conservation legal regime, local authorities have prioritized efficiency in building.

**142. *Materials and resource efficiency*** – Many more jobs could be created in recycling and waste management – but often, in the informal economy, this involves low-quality jobs. It will be important, therefore, to pave the way for the formalization of these activities, and to pay closer attention to labour standards related to occupational safety and health and protection against occupational injuries and diseases.

**143. *Renewable energy in rural areas*** – The best solutions in rural areas often involve decentralized, stand-alone, power-generating units. In order to maximize employment, these units should, to the extent possible, use simple technologies and be manufactured locally; but until clean energy becomes truly competitive, these initiatives will often need subsidies, as is the case in *China* and *India* for biogas digesters, and in *Sri Lanka* and *Thailand* for solar heating systems.

**144. *Sustainable agriculture*** – One emerging option is organic agriculture, which, in some instances, can be both labour intensive and generate higher incomes – and has considerably lower CO<sub>2</sub> emissions per hectare.<sup>49</sup> But encouraging organic agriculture on a larger scale will imply reducing subsidies for agro-chemicals, mineral fertilizers and fuels, or for specific crops like maize, since these make organic techniques less competitive. In addition, millions of jobs can be created by upgrading canals and water systems, where it is estimated that more than half of the water supply is being lost.

## Improving data and enhancing dialogue on a just transition

**145. *Improving data on green jobs*** – Piloting the economy towards a more sustainable path and more green jobs will require better information – especially on the linkages between the environment, the economy and employment. The Arab States are particularly weak in this area. Some countries in Asia and the Pacific have assessed the economic implications of shifting to a green economy in specific sectors, but have not fully considered the employment dimensions. In this regard, the ILO intends launching a series of studies. The Office has gained experience from a pilot study in Bangladesh, which indicated that direct green jobs from core environment-related sectors could represent at least 1.9 per cent of the labour force (1.42 million) – and

*Piloting the economy towards a more sustainable path and more green jobs will require better information*

<sup>49</sup> N. Scialabba and C. Hattam (eds): *Organic agriculture, environment and food security*, Environment and Natural Resources Service Sustainable Development Department (Rome, FAO, 2002).

**Table 3.2. Environment-related jobs in Bangladesh**

	Direct “green” jobs	Indirect jobs
Sustainable agriculture	n.p.	47 482
Sustainable and participatory forestry	n.p.	28 121
Sustainable energy	18 823	50 561
Waste management and recycling	n.p.	212 753
Collection, purification/distribution of water	n.a.	n.a.
Climate adaptation activities	616 052	967 849
Manufacturing and energy efficiency	10 934	21 472
Sustainable transportation	178 510	54 049
Sustainable construction	536 000–670 000	1 416 364
<b>Total</b>	<b>1 427 000</b>	<b>2 798 651</b>

Source: GHK–ILO: *Estimating green jobs in Bangladesh* (2010).

twice as many again could be indirect jobs linked to these sectors (table 3.2). In *Bangladesh*, many jobs would be connected to climate adaptation activities, but the potential for such jobs will differ greatly between countries.

**146. *Promoting green jobs and a just transition*** – The drive to an environmentally friendly economy will require a better integration of social and employment policy and decision-making. As noted in the ILO Governing Body paper which looked at the decent work challenges associated with sustainable development and climate change, “the potential for synergies and for the need to make the response to climate change part of wider efforts for sustainable development is recognized”.<sup>50</sup> Despite some progress, however, there are still few examples where the substantial role and potential of the ILO constituents has been tapped at the decision-making level.

*Climate change will also have economic and social consequences*

**147.** Climate change will have not only environmental but also economic and social consequences. Development strategies will need to take this into account at all levels – national, sectoral and local – and include ILO constituents. An increasing number of governments now recognize this. For example, in *India*, under the leadership of the Ministry of Labour and Employment, a multi-stakeholder forum on green jobs is raising awareness of the social dimensions of climate change and promoting the involvement of ILO constituents in developing action plans and solutions.

**148.** One problem is that many ILO constituents lack awareness and knowledge of the interlinkages between climate change and the ILO’s mandate. This will require more training, especially on the ways in which adaptation and mitigation policies will affect the world of work. If these responses to climate change are to be socially just and equitable, they will need to include strategies for enhanced social protection, enterprise development and employment generation. The Green Jobs in Asia Project, taking place in *Bangladesh, Indonesia, Nepal, Philippines* and *Sri Lanka*, will primarily build the capacity of the ILO constituents on these issues and develop the social dimension of climate-driven policies at the national level.

**149.** Experience has shown that political sustainability depends on dialogue and consensus-building that can lead to a just transition for all those affected. Many enterprises will face more stringent environmental and energy standards, as well as greenhouse gas emissions targets. And workers will face a new labour market that demands

<sup>50</sup> ILO: *Decent work for sustainable development – The challenge of climate change*, Governing Body, 300th Session, Geneva, Nov. 2007, GB.300/WP/SDG/1, p. 6.

**Figure 3.2. Green jobs in renewable and clean energy**

	Job intensity	Long-term cost reduction	CO <sub>2</sub> reduction
Building refurbishment	high	moderate	high
Switch to cleaner car	moderate	moderate	moderate
Wind, solar	high	high	moderate
Smart metering	high	high	low
Battery development	moderate	high	high
Clean energy R&D	moderate	high	moderate
Carbon capture and storage	low	moderate	high

Impact: ■ high ■ moderate ■ low

Source: International Energy Agency (IEA), 2009.

new skills for greener production processes and technologies. It will be important, therefore, to deal with skills mismatches and link green job creation with job training, while ensuring safety nets for displaced workers and guaranteeing social justice and labour rights, including occupational health and safety. Some of the critical sectors will be energy-intensive industries – recycling, construction and transport – but farmers, foresters and fishers will also be among those directly affected by the transition. Those living in disaster-prone areas may need risk-based safety nets and help in diversifying their livelihoods, maximizing community benefits and building adaptive capacity.<sup>51</sup>

**150.** *Social dialogue on a just transition* – The ILO’s long experience of international standard setting and social dialogue provides a strong foundation for strategies to address climate change. The potential at the policy level was demonstrated in the *Philippines*, for example, where the Government, workers and employers signed a “Green Pact” to promote sustainable growth, and greener jobs and workplaces. There are also opportunities at the enterprise level, involving workers. The ILO’s Greener Business Asia Project being conducted in *Thailand* and the *Philippines* shows how social dialogue can promote competitiveness and improve environmental performance while enhancing opportunities for decent work.

**151.** In addition, existing mechanisms for promoting safe working conditions can serve as a platform to introduce environmental issues. If designed appropriately – and not used as an avenue to sidestep legitimate rights to organize – these platforms provide a foundation for marrying environmental and labour issues. The ILO’s project on Work Adjustment for Recycling and Managing Waste (WARM) in the Pacific is an example.

**152.** The ILO’s Green Jobs Initiative in the Asia and the Pacific region should provide more examples of ways in which social dialogue can develop sustainable solutions to climate change – while the dialogue itself is strengthened by the incorporation of new themes and issues.

## Policies promoting green jobs

**153.** *Linking employment policies, social protection and green jobs* – Green jobs policies will require well-coordinated job placement, and active labour market services. They must be based on social dialogue between government, industry and trade unions, and ensure investment in low-carbon technologies and new green skills.

*Green jobs require active labour market services*

<sup>51</sup> UNDAF–ILO pilot project on climate-resilient farming communities in Agusan del Norte, Philippines.

They also need to offer unemployment benefit and other assistance to displaced workers, in line with the call of the United Nations CEB for a social protection floor that can provide workers with the right conditions for seeking work.

**154.** This activity should lead to growth in specific sectors of the economy, as demand increases for low-carbon and environmentally friendly goods and services. In the *Republic of Korea*, green jobs related to low-carbon development are estimated at 2.5 per cent of total employment, and are expected to grow at 3.4 per cent per annum.<sup>52</sup> In Germany, jobs affiliated with green-led markets are increasing by 13–15 per cent per annum.<sup>53</sup> Countries do, however, need to maximize the conditions for the creation of green jobs. This will involve identifying opportunities; ensuring better communication on employment needs; and adopting new fiscal and tax policies to encourage SMEs – for example, by providing rebates for investment in environmentally sustainable technologies.

**155.** SMEs in the region can play a very active role in green jobs creation in the following areas: the retrofitting of existing buildings (energy efficiency); organic farming; green social housing programmes (construction); sustainable tourism; conversion to and maintenance of liquid natural gas-propelled motors (transport); and the manufacturing and installation of equipment (biogas digesters, solar water heaters, etc.). Green jobs are also low/medium tech, local-sourcing jobs. Targeted measures and policies should be applied to create an enabling environment for SMEs, to ensure that they to grasp the potential for growth and job creation in these new sectors.

**156.** *Removal of fossil fuel subsidies* – If governments are to encourage investment in energy efficient technologies and green jobs, they will need to remove subsidies on fossil fuels. But in doing so, they will need to protect the poor and most vulnerable. This might involve, for example, improving social safety nets while minimizing leakages to higher income groups,<sup>54</sup> reducing user charges for education and health services in the poorest rural and urban areas, or temporarily expanding public works programmes and cash transfers. Furthermore, fuel subsidies could be reduced gradually while simultaneously enhancing the Government’s capacity to target social assistance, as in Jordan where the Government has been eliminating subsidies over a period of several years.

**157.** *Skills development for green jobs* – In preparing for a greener economy, countries face two major challenges with respect to skills. The first is to reskill workers and complement existing skills sets, so that they can “green” enterprises and industries – particularly in sectors with a high environmental impact, including building and construction, energy, transport and, in developing Asia, agriculture. The second task is to ensure that the next generation acquires the skills they need to work in the expanding green economy.

*Green job concerns should be an integral part of national skills development frameworks*

**158.** Very few countries have skills development programmes for green jobs (box 3.2). As a result, many countries are reporting important shortages of skilled labour in various sectors, such as solar panel manufacturing, agribusiness skills, solar panel installers and maintenance operators. As demonstrated by the ILO’s background country studies on *Skills for Green Jobs* (2010), the full potential of green jobs creation is not fully exploited and the gaps are likely to become increasingly severe as countries embark upon a low-carbon development path. Such human resource development strategies on low-carbon and other environmental issues should be integral parts of national skills development frameworks, negotiated with the social partners and anchored within the national climate change policies.

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<sup>52</sup> Korea Employment Information Service: *Green Korea 2010* (Seoul, September 2010).

<sup>53</sup> Federal Institute for Vocational Education and Training (BIBB): Presentation at Green Korea 2010 (Seoul, September 2010).

<sup>54</sup> The case of Sri Lanka demonstrates that the national safety net and its core component, the Samurdhi food stamps programme, were substantially better targeted than the kerosene subsidies. Source: IMF: *The magnitude and distribution of fuel subsidies: Evidence from Bolivia, Ghana, Jordan, Mali and Sri Lanka*, Working Paper WP/06/247 (Washington, DC, 2006).



**Box 3.2. The green jobs training programme in Australia**

The Government is planning to offer 50,000 young or disadvantaged Australians the opportunity to obtain the skills and training they will need for the green jobs of tomorrow. The National Green Jobs Corps is a 26-week environmental training programme that, over two years, will enable 10,000 18–24-year-olds to gain job-ready skills. Activities include: bush regeneration and planting native trees; wildlife and fish habitat protection; walking and nature track construction; and training and hands-on experience in the installation of energy efficiencies for buildings.

A new National Green Skills Agreement will be negotiated to ensure all young “tradies” in Australia possess the green skills of the future, and that practical sustainability training becomes a fundamental part of all vocational training programmes. The practical green skills involved could include: electricians for smart heating and cooling technologies; plumbers for water recycling and water efficiency; mechanics for green car engines; and installers of insulation. To help long-term and disadvantaged unemployed people transition into permanent jobs, 4,000 training places will be made available to workers installing ceiling insulation, or jobseekers wanting an insulation job. Local jobs contributing to environmental sustainability in priority local economies will include: revegetating bushland; constructing a boardwalk over vulnerable wetlands; and retrofitting energy efficient lighting and plumbing.



## Chapter 4

### *Rights at work and social dialogue*

**159.** Fundamental principles and rights at work and international labour standards are central to meeting the objectives of the Asian Decent Work Decade. They not only inform labour market transactions, but also govern public and private efforts to realize decent work. This chapter also considers four other labour market institutions: collective bargaining and dispute resolution mechanisms; wage policy and wage-fixing machinery; labour legislation; and labour administration and inspection.

*Fundamental principles and rights at work and international labour standards are central to meeting the objectives of the Asian Decent Work Decade*

### International labour standards

**160.** Adopting and supervising the application of international standards is central to the ILO's mandate. There have been some positive developments in the region, such as the marked improvements in the ratification of fundamental Conventions; the resumption of ratification by ASEAN Member States after long spells of non-activity; and the interest of new member States in the Pacific and elsewhere in the Organization. Nevertheless, it is of major concern that many countries in Asia and the Pacific have yet to ratify important Conventions, or to replace outdated standards. Indeed, they must do more to ensure that decent work objectives for men and women are given more tangible form, and that they are sustained by fundamental principles and rights at work and international labour standards.

**161.** In the Arab States, the Arab Action Agenda for Employment, adopted in 2009 during the Arab Employment Forum, reaffirmed a commitment to international labour standards. The Forum stressed the importance of the fundamental principles and rights at work and highlighted a number of priorities: a conducive legal environment for representative employers' and workers' organizations; mechanisms for collective bargaining; non-discrimination in employment and occupation; the elimination of child labour; the ratification and implementation of international labour standards; and stronger labour inspection systems.

**162.** The Agenda reiterated the commitments emanating from the Doha Declaration that was issued by the first Arab Forum for Development and Employment (Doha, 2008), as well as those made by the Arab leaders at the Arab Economic, Development and Social Summit (Kuwait, 2009) on employment and unemployment.

**163.** International labour standards are not merely intended to shape employment protection law, but to steer governance in the world of work. A significant development in South-East Asia was the adoption in 2007 of the ASEAN Charter, which pledges respect for fundamental freedoms and the promotion of social justice. This was followed in 2009 by the establishment of an ASEAN Intergovernmental Commission on Human Rights. If trade unions and employers' organizations in ASEAN are to take advantage of this opportunity, they will need to engage actively in the Association's structures.

**164.** These organizations cannot be effective if they do not enjoy the basic conditions they require to gather strength, representativeness or independence – often because they do not enjoy basic rights in respect of freedom of association and collective

bargaining. Of the 16 countries from the region that have appeared before the Conference Committee on the Application of Standards, nearly half have been examined concerning their implementation of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). Over 50 cases from Asia and the Pacific – including two from the Arab States – are currently being examined, or are subject to follow-up monitoring, by the ILO Governing Body Committee on Freedom of Association. While frequent complaints before the Committee may demonstrate a resilient trade union movement, they may also reveal major shortcomings.

*If workers in “essential services” cannot exercise basic rights, this reduces the prospects of meaningful social dialogue*

**165.** The most serious of these concern instances of murder, harassment, or intimidation of trade unionists that have a chilling effect on trade union organization. In the period under review, missions with a mandate from the supervisory bodies visited *Cambodia* and the *Philippines* to examine such violations of civil liberties. In *Cambodia*, these visits led to the release of suspects previously convicted and imprisoned, and to renewed efforts to investigate other murder cases. The cooperation and commitment secured by the mission from all sides should, over time, lead to an enhanced understanding of the dividing line between legitimate trade union activity and unlawful support to insurgency operations. If workers such as migrant workers, domestic workers, temporary workers and workers in export processing zones (EPZs) do not have the right to organize, this leads to a de facto segmentation of the labour market and growing inequality, and traps workers in the informal economy. And if workers in expansively conceived “essential services” cannot exercise basic rights, this reduces the prospects of meaningful social dialogue and may hamper the restructuring of the economy and have minimal social impact. Anti-union discrimination (including dismissal for reasons related to legitimate trade union activity) stunts collective bargaining and contributes to a declining share of household income in GDP, subdued levels of domestic consumption and high export dependency. It also reduces the legitimate role that trade unions play in organizing labour market flexibility. Strong, representative and independent workers’ and employers’ organizations are part of the solution to the need for labour market flexibility, not part of the problem.

**166.** Much remains to be done to refine and enforce a growing body of legislation outlawing the trafficking of persons for labour exploitation, bonded labour and the abusive exploitation of migrant workers. But it is also important to change mindsets regarding jobs that are “suitable” for women, ethnic minorities or otherwise disenfranchised groups. Turning law into practice will also mean: advising policy-makers of the specific effect their measures may have on these groups; facilitating relief for victims of discrimination; and informing employers, workers and employment services of fair employment practices. Countries in the region have started to assign these technical functions to specialized bodies, and the region is now host to a growing variety of models, for example *Hong Kong, China* (Equal Opportunities Commission), *Singapore* (Tripartite Alliance for Fair Employment Practices), *Australia* (Human Rights and Equal Opportunity Commission) and the *Republic of Korea* (National Human Rights Commission of Korea).

**167.** *India* and some of the Pacific Island countries have yet to ratify the two core child labour Conventions – the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182). But even countries that have ratified these instruments need to do more to implement their recommendations. This involves, for example, defining and prohibiting hazardous work for minors, ensuring that minimum age provisions match those determining the age for completion of compulsory education, enforcing the labour law, and seeking remedial measures. It also means gathering good and consistent data. The most difficult task, however, is often to reach children that toil in the hidden forms of child labour, such as domestic work, prostitution, and illicit activities.

**168.** The Maritime Labour Convention, 2006, is expected to significantly improve seafarers’ standards of working and living, while creating a level playing field for the

shipping industry as a whole. And yet the call by the 14th Asian Regional Meeting in 2006 to promote the Convention has so far produced one ratification by the *Marshall Islands*. Several other countries in the region are at an advanced stage of preparing for ratification, and during the period under review the Office provided assistance in *China, India, Philippines, Sri Lanka, Thailand*, and five Pacific Island countries. Efforts need to be accelerated since, as a result of early ratifications by the world's major shipping nations, the Convention is likely to enter into force by 2011 or 2012.

## Stagnant wages, growing inequality and labour market governance

**169.** Wage growth is lagging behind labour productivity growth, and the share of wages in national GDP is declining throughout the region. In *China*, the All-China Federation of Trade Unions (ACFTU) estimates that the wage proportion of GDP has decreased by 20 per cent since the liberalization of the economy, while the returns on capital have risen by the same percentage. This has important consequences not only for consumption demand, but also for checking inequality and future economic growth.

**170.** Some degree of wage inequality is natural and desirable, reflecting skills, effort, and returns to education. However, if inequality reflects prejudice, the question is no longer one of incentives but of failure to tap the productive potential needed to sustain productivity.<sup>55</sup>

**171.** Across Asia and the Pacific, countries are looking to rebalance their economies, so as to rely less on trade and more on domestic demand. An important means of achieving this is through labour market reforms that increase the spending power of workers – and these include encouraging collective bargaining and regularly reviewing minimum wages, while also strengthening other labour market institutions.

**172.** There are also growing wage inequalities in the Arab States. These have arisen for some of the same reasons as elsewhere; but in the oil-rich countries, low-paid migrant workers do much of the work, particularly in construction and households. Nationals are less likely to work but still gain many of the benefits – resulting in a concentration of wealth and income. A number of countries will therefore need to raise the labour force participation of nationals while reducing wage gaps.

## Collective bargaining and the right to organize

**173.** The international community recognizes the importance of strong, independent and representative workers' and employers' organizations and their right to engage in collective bargaining. Trade unions provide a counterbalance to the asymmetry of power between an individual worker and the employer, while strengthening political democracy.

**174.** Empirical research has highlighted the value of collective bargaining for raising wages and compressing wage distribution. Wages for unionized women are higher than for non-unionized, and some evidence suggests that they reduce the overall gender pay gap, which in parts of Asia and the Pacific is still over 40 per cent. At the macroeconomic level, union density is correlated positively with reduced income inequality and wage dispersion.<sup>56</sup>

*The international community recognizes the importance of strong, independent and representative workers' and employers' organizations*

<sup>55</sup> ILO: *Global Wage Report 2008–09* (Geneva, 2008).

<sup>56</sup> T. Aidt and Z. Tzannatos: *Unions and collective bargaining: Economic effects in a global environment* (Washington, DC, World Bank, 2002).

**175.** ILO research finds a positive correlation between collective bargaining coverage and wage elasticity. In countries with bargaining coverage below 30 per cent, each additional 1 per cent growth in GDP translates into 0.65 per cent growth in wages. In countries with collective bargaining coverage above 30 per cent, that ratio rises to 0.87 per cent. Here real wages become much more strongly connected with economic growth.<sup>57</sup>

*Higher levels of union density are correlated with a lower incidence of low pay*

**176.** ILO research has also found that in countries for which data are available, higher levels of union density are correlated with a lower incidence of low pay. In countries with a union density of less than 15 per cent, low pay affects, on average, nearly 25 per cent of the workforce. Low pay affects 21.6 per cent of workers in countries with union density of between 15 per cent and 30 per cent, and only 12.3 per cent of workers where over 50 per cent of workers belong to a union.<sup>58</sup>

**177.** It is interesting in this respect to examine developments in *China*, which, alongside its rapid growth, has been building labour market institutions for its 800 million strong workforce. China's income inequality is now among the highest in Asia, and the urban–rural income divide is among the widest in the world. The wage share of GDP declined from 52 per cent in 1999 to 40 per cent in 2007, while private consumption declined from 47 per cent to 37 per cent of GDP over the same period.

**178.** Rapid and uneven growth has resulted in increased labour disputes. Official statistics show that the number of disputes heard by Labour Dispute Arbitration Committees increased gradually from fewer than 100,000 in 1998 to 250,000 in 2004. These more than doubled between 2005 and 2008, from 314,000 to 690,000. About two-thirds of disputes concern wage payments and social insurance.<sup>59</sup>

**179.** In response to these developments and with the overarching goal of building a harmonious society, the ACFTU began to undertake an organizing drive to reverse its decline in membership. As a result, workers covered by collective bargaining agreements increased from 42.7 million in 1999 to 150 million in 2008, although the number of workers covered by wage agreements was a more “modest” 39.6 million in 2007. Industrial unrest in Guangdong Province in 2010 revealed a growing recognition of collective labour disputes, that is the notion that collective actions by workers in pursuit of better working conditions were not public disturbances, but rather conflicts between organized private interests that could and should be managed by professional dispute settlement mechanisms. The provincial authorities further responded with new regulations that provided a framework for “collective wage consultations” at the enterprise level, as well as measures on “dispute coordination and management”.

*Union involvement in joint decision-making and consultative bodies results in lower turnover*

**180.** ILO research has shown that wage bargaining has generated great interest among workers in the conduct of the negotiations themselves – and in the work of the union as a whole. In some instances, experiments in regional and sectoral bargaining have also proven successful in raising minimum wages. While fundamental restrictions remain on freedom of association, the rapid expansion of industrial relations institutions at the workplace, such as collective bargaining and workers' congress, have yielded some interesting results. One survey of 205 enterprises revealed that union members whose leaders were directly elected had higher wages, shorter working hours and additional benefits to other workers.<sup>60</sup> Another survey of 600 establish-

<sup>57</sup> ILO: *Global Wage Report 2008–09*, op. cit.

<sup>58</sup> *ibid.*

<sup>59</sup> Cited in Y. Lin: “Grasp the opportunity to reevaluate labour relations, eliminate potential problems and reformulate policy”, in *Liaowang* magazine, accessed through *China Labour Bulletin*, 8 January 2010; see <http://communicatinglabourrights.wordpress.com/2010/01/08/china-a-resumption-of-tripartism-and-collective-bargaining/> (accessed 14 February 2010).

<sup>60</sup> C.-H. Lee: *Industrial relations and collective bargaining in China*, Industrial Relations and Collective Bargaining Department, Working Paper No. 7 (Geneva, ILO, 2009).

ments showed that variables such as union participation in collective bargaining and workplace consultation, and strong union structure in the enterprise, were negatively correlated with wage inequality and labour disputes.<sup>61</sup> Union involvement in joint decision-making and consultative bodies results in lower turnover and reduced use of short-term contracts. The authors conclude that, among other effects, new practices of collective bargaining significantly reduce intra-firm wage inequality and improve job security.

**181.** The rise in disputes may also reflect important legislative changes and an increased awareness by workers of their legal rights. The Labour Contract Law (2007) introduced the “employment contract system” to consolidate and formalize employment relationships and vest wage employees’ entitlements. It introduced requirements for the employer to consult with workers’ representatives or trade unions on a number of key workplace matters. The Law on Mediation and Arbitration of Employment Disputes (2007) lowered the barriers for enforcing these entitlements. Fair employment provisions in the Employment Promotion Law (2007) removed barriers to productive and gainful employment without regard to criteria such as gender, ethnic or social origin, or maternity or health status. The ratification of the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), in 2006 buttressed national efforts to address inequality and promote fair employment.

**182.** *Viet Nam* faces similar challenges, and the Government and social partners are also trying to respond by promoting collective bargaining. The weaknesses in the trade unions’ representative capacity at workplace level, as well as shortcomings in the legal framework for robust industrial relations, continue to hinder this effort. Strikes increased fourfold from 2005 to 2008, mostly in low-wage, labour-intensive FDI enterprises, because rank-and-file workers lacked other options. The causes behind the strikes vary, but often involve wages.

**183.** According to the Ministry of Labour, Invalids, and Social Affairs (MOLISA), only 6 per cent of enterprises in the four most industrialized provinces, where – and this is no coincidence – some 80 per cent of strikes occur, have collective agreements. The vast majority of these agreements are replications of the minimum standards laid down in the law; most use the statutory minimum wage inappropriately as the wage reference, following the pre-market economy practice of “norms and coefficients.” This may be attributed not only to the weakness of union structures in the enterprise, but also to the management role that union officials often play. The slow pace of reorienting the work of trade unions to meet the challenge of market-oriented enterprises lies at the root of the problem. Employers may also install management personnel in union leadership positions, which hampers meaningful communication between management and workers and contributes to an increase in strikes. All this points to the need for a strong employers’ association to build the capacity of employers to engage effectively with trade unions and to develop meaningful collective bargaining.

**184.** The social partners in *Cambodia* are starting to build a culture of dialogue. In a multiple union setting, collective bargaining may be used for strengthening the exclusive bargaining partner, as determined through the granting of “most representative status”, thereby promoting rules-based union competition. In March 2010 the social partners reached an agreement in principle to use collective bargaining as a tool to encourage stability, and to rely on binding arbitration to resolve rights disputes.

**185.** Coverage of collective bargaining in *India* remains very limited; indeed, it is estimated that only 2–3 per cent of the workers are covered by a collective agreement. However, there have been some noteworthy, albeit marginal, developments. Some unions are now more willing to negotiate productivity improvements and gain sharing, flexible work arrangements, and product quality measures. In addition, contract workers have begun to benefit from collective agreements. Both *India* and *Sri Lanka*

*In South Asia overall, severe limitations still exist on freedom of association*

<sup>61</sup> C.-H. Lee: *Industrial relations and collective bargaining in China*, op. cit.

have seen a decentralization of bargaining practices, and some agreements – such as for textiles and plantations, for some states in India, and for banking in Sri Lanka – have disappeared. In South Asia overall, severe limitations still exist on freedom of association and the right to collective bargaining.

**186.** In *Japan*, difficulties remain with respect to the adjustment of public service laws and practices to international standards on forms of social dialogue, including collective bargaining. The ILO has supported a fact-finding mission of the Joint ILO–UNESCO Committee of Experts on the Application of the Recommendations concerning Teaching Personnel (CEART) to advise the Government, private sector and teachers’ unions on ways to improve social dialogue on various aspects of teacher policies, in line with international standards and the interests of a high-quality, high-performing education system.<sup>62</sup>

**187.** The *Singapore* experience demonstrates how collective bargaining can go hand in hand with competitiveness. The National Wages Council (NWC) provides the parameters for collective bargaining by issuing “guidelines” on wage development in the light of economic indicators such as competitiveness, inflation and economic growth.

**188.** In the *Arab States*, employers’ and workers’ organizations have largely yet to assert themselves as strong, independent and representative parties in social dialogue. They thus have considerable potential: by offering representation and advocacy and a range of value added services, they will be better able to attract and retain members. The Arab Employment Forum agreed on the importance of independent, democratic and transparent employers’ and workers’ organizations, and highlighted a number of priorities for action, including the promotion of a culture of social dialogue and the establishment of social and economic councils. It also called upon countries to revitalize the Arab Economic and Social Council as the tripartite framework for issues related to development and to economic and social rights. In addition, the Forum encouraged governments to ratify and implement the ILO Conventions pertaining to social dialogue – confirming that effective social dialogue was linked to all public freedoms, especially to freedom of expression.

**189.** Given the emerging evidence of the economic and governance value of collective bargaining, as well as the widespread inequality in the Asia–Pacific region, it is hoped that this important tool can be used more broadly. Governments, unions and employers are encouraged to re-examine their laws, policies and practices regarding these fundamental rights as a means of improving labour market outcomes. This should be combined, where appropriate, with a review of the way in which minimum wages are established.

## Employment protection law

**190.** A minimum set of standards to govern labour market activity is needed in the early stages of economic development, when economies are not highly diversified and employers’ and workers’ organizations are gathering the strength and the skills to negotiate collective agreements and the capacity to have them honoured.

**191.** But employment protection law also serves as an anchor for the employment relationship in developed countries. It serves as a common framework and starting point for collective bargaining that determines wages and other working conditions of work, and as a point of reference and aspiration for workers who are not or only partially covered – sometimes on account of the special characteristics of their work, as in the case of domestic workers, homeworkers or seafarers.

**192.** In a changing labour market, however, such legislation needs regular adjustment. *Singapore* is a case in point. In 2008, it amended its Employment Act for the

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<sup>62</sup> ILO–UNESCO: *Report of the fact-finding mission to examine allegations of non-application of the Recommendation concerning the status of teachers in Japan*, 20–28 April 2008 (Geneva/Paris, 2008).



first time since 1995 to reflect labour market shifts that consisted of: a higher proportion of white-collar workers; the service sector overtaking manufacturing as the main source of employment; shorter tenures resulting from an increase in outsourcing and temporary work; and the higher labour market participation of women consistent with government efforts to improve the work–life balance of employees.

**193.** Nevertheless, legal minimum standards are no substitute for collective bargaining. Regular negotiations allow wages and other conditions of work to evolve in line with productivity and the performance of individual companies or economic sectors. Given its more limited scope and regular review, collective bargaining can also instil a measure of flexibility in labour standards that law, by its very nature, is unable to provide.

*Legal minimum standards are no substitute for collective bargaining*

**194.** The development of employment protection law can nonetheless be controversial, since it involves finding the correct balance between the workers’ need for protection, equality in employment and job security, and the employers’ need for flexibility in tailoring the size and composition of their workforce. This dilemma can be impossible to resolve if too many different work settings are involved. Employment protection law should, therefore, focus on minimum standards, while collective bargaining should help employers and workers find trade-offs that are tailored to their specific settings.

**195.** *Indonesia*, for example, is currently debating labour law reform – and many of the issues in this country illustrate the challenges that governments are facing everywhere in trying to balance security and flexibility:

- severance pay and the introduction of more comprehensive unemployment insurance;
- employment contracts – in particular the restriction on the use of fixed-term contracts of up to two years, extendable once for another two-year period;
- restrictions on the subcontracting of workers, such as making recruitment agencies responsible for compliance with statutory minimum working conditions; prohibition of subcontracting for core company activities;
- rapidly increasing minimum wages as the result of local government-driven wage fixing, in accordance with the value of a basket of items deemed to fulfil “decent” minimum living needs (as opposed to “basic” minimum living needs);
- restrictions resulting from provisions governing regular hours of work, rest, leave, overtime and overtime pay.

**196.** The ILO has helped constituents examine the relationship between employment protection legislation and employment policy. It has pointed out, for example, that even significant cuts in the minimum wage are unlikely to yield more than minor job creation dividends, mostly in the informal economy. More significant governance impacts could be expected from developing unemployment benefits – so as to gradually replace severance pay as the income safety net.

**197.** Vast numbers of workers in Asia and the Pacific still work in the informal economy, the majority as landless agricultural labourers, self-employed workers, or as workers with no – or ill-defined – wage or employment contracts. Workers in the latter category, often women and children, hold jobs but not the levers to work themselves out of poverty. In the case of children, having to work comes at the expense of education and hampers their future abilities to become productive members of a society and economy. The key to jump-starting the virtuous cycle of higher earnings, better working conditions and higher productivity is governance, which starts with the public recognition of informal workers’ economic activity as work. In 2002, the International Labour Conference concluded that: “Informality is principally a governance issue.”<sup>63</sup> The growth of the informal economy may, *inter alia*, be attributed to:

<sup>63</sup> ILO: *Conclusions concerning decent work and the informal economy*, International Labour Conference, 90th Session (Geneva, 2002).

inappropriate, ineffective, misguided or badly implemented macroeconomic and social policies, often developed without tripartite consultation; the lack of conducive legal and institutional frameworks; and the lack of good governance for the proper and effective implementation of policies and laws.

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### **Profile E: Indonesia**

“The learning centre has changed my life.”

*Sarmin, 18 years of age, Maluku, Indonesia*

Sarmin was one of the victims of conflict in Ambon in Indonesia. When coming back to his village in 2008, after being imprisoned for four years, he did not know what he was going to do. His future was uncertain. Yet, his life was changed dramatically when he followed the steps of his friends to join a community learning centre, PKBM Bougenville.

“The learning centre has changed my life. The training has provided me with an opportunity to develop and enhance my life skills, in particular my personal and social skills. I also learned about my rights on education and skills training,” he says, adding that he also liked the participative learning methods. “The tutors encourage all of the students, including me, to be active and express ourselves and our opinions freely.”

PKBM Bougenville is established and managed in collaboration with the ILO through its Education and Skills Training for Youth (EAST) project. The tutors have been trained using the ILO’s training packages, such as Rights, Responsibility and Representative (R3) and Supporting Children’s Rights through Education, the Arts and the Media (SCREAM).

After completing the training, Sarmin decided to start his own business. He combined the clay pot creation skills that he learned in prison with the life skills training that he gained from the learning centre. He was able to produce one clay pot per day, and every ten days he sold them to a local market in Ketapang West Seram with prices of up to \$5 per piece, depending on the size and the complexity.

Sarmin not only succeeded in earning a B package certificate – a government non-formal educational programme that is equal to junior high school – but he was also one of the 20 trainers who participated in the ILO’s competency-based training programme in Ambon in December 2009. In 2010, he facilitated similar training for 20 out-of-school youth in his village. He has also dedicated his time to providing motivation and encouragement for, in particular, out-of-school and unemployed youth.

“My goal now is to help out-of-school youth start their businesses. I know what they feel and what they have been through. I have been there, not knowing what to do, and what I need is only an opportunity to prove who I really am and what I have the potential for. And, my dream is to give others, especially the out-of-school youth, the same opportunity and hope”, he says.

To date, he still cannot believe the great transformation that he has gone through – from an uneducated and unemployed youth with an uncertain future to a skilled entrepreneur with a bright future ahead of him. “I still cannot believe it myself. It is just like a dream”, he says.

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## **Temporary work and employment contracts**

**198.** Temporary work – often arranged by private employment agencies – is another means by which businesses are increasingly trying to satisfy their need for flexibility. This holds true even if many employers, particularly those requiring a skilled workforce, weigh the flexibility of temporary work against the costs involved in recurrent training.

**199.** Some work, of course, is temporary in nature and labour law traditionally permits employment contracts to accommodate this if both worker and employer perceive a genuine mutual benefit in the temporary working arrangement. International labour standards, however, advise restrictions on the use of fixed-term employment contracts for work that is not of a fixed-term nature. Standards thus intend to reduce the scope for arbitrary dismissal, in particular termination based on prohibited grounds such as anti-union discrimination or maternity protection. The Office has assisted constituents in several countries with advice on this matter (e.g. *Cambodia, China and Viet Nam*).

*International labour standards advise restrictions on the use of fixed-term employment contracts*

**200.** *Republic of Korea* – In 2006, the Government passed the Non-Regular Workers' Act (NRWA), banning discrimination against fixed-term workers and part-time workers and limiting such employment to two years, after which time the employee has to be given regular employment. The Act also allows non-regular employees to challenge discriminatory treatment before a Labour Relations Commission. The trade unions have expressed concern, however, that this legislation only allows for complaints from individual workers without representation by trade unions.

**201.** The Act also covers dispatch workers – those provided by employment agencies. Since the dispatch work system was established in 1998, 1,400 agencies have become operational, although most have fewer than 50 workers and only 24 have been certified. The Act permits their employment in a limited number of industries for a maximum of two years. In 2008, the Supreme Court, using criteria similar to those recommended in the Employment Relationship Recommendation, 2006 (No. 198), ruled that, after two years, employers could not convert dispatch employees into outsourced employees. The same year, in order to improve the working conditions of dispatch workers, the Government introduced a quality control and certification system. It has also changed dismissal provisions for workers with regular contracts, reducing the required notice period for collective dismissal and altering the penalties for employers.

**202.** *Japan* – In 2007, the Government introduced major changes to its labour law to accommodate the protection needs of temporary workers. First, the Minimum Wage Act revised an Act adopted nearly 40 years earlier to streamline the various methods for fixing minimum wages, and to create an effective safety net for all workers, including temporary (“dispatched”) workers, a majority of whom are women.<sup>64</sup> Second, the Part-Time Act introduced the prohibition of discrimination against part-time workers, whose work is substantively the same as that of full-time workers. Third, the Employment Measure Act established a prohibition of discrimination on the basis of age to protect both younger and older workers at the time of recruitment. Finally, amendments to provisions of the Labour Standards Act governing hours of work were adopted in December 2008.

**203.** Following the repeated liberalization of the Dispatched Workers' Act, which was adopted in 1985, the number of temporary agency workers has gone up significantly. The original limitation of dispatch work to 13 sectors, all requiring highly specialized skills, was first extended to 26 sectors. In 1999, the permission to use dispatch work was extended to all other sectors, with the exception of a few (e.g. harbour transportation, construction and manufacturing). In 2003, temporary agency work became available in manufacturing, and the maximum duration was further relaxed to three years.

**204.** As a result of the global crisis, temporary workers have been laid off in great numbers. This is prompting the Government to reconsider a number of aspects of the current legal framework, in particular whether: (a) temporary work should only be permitted for regular dispatch workers (who have a regular contract of employment with the agency and so have a regular income), and registered dispatch work (accord-

<sup>64</sup> See [www.gender.go.jp/English\\_contents/pamphlet.women-and-men10/1-3pdf](http://www.gender.go.jp/English_contents/pamphlet.women-and-men10/1-3pdf) for statistics.

ing to which temporary workers only sign a contract with the agency when there is work, so that a regular income is not secured) should be maintained; (b) temporary work should be maintained for manufacturing services; and (c) the coverage of unemployment insurance, possibly extended with an allowance for workers undergoing skills training, should be extended to all workers.

**205.** Notably absent from governance frameworks for temporary work are social dialogue mechanisms that permit trade unions in particular to ensure that temporary work arrangements reflect the free choice of workers, are negotiated, and do not erode social protection and social dialogue itself. This omission may lead to trade union opposition, social instability, more legislative intervention into the labour market, and erosion of fundamental rights. A case in point is the *Republic of Korea*, where the failure of the law to address the erosion of collective bargaining rights of temporary workers has been described by the ILO Committee on Freedom of Association as “extremely serious” (Case No. 2602).

**206.** *Singapore* – The country has a strong tradition of governing its labour market through tripartite consultations and target-based guidelines rather than legislation. The same strategy is followed with respect to temporary work arrangements. In March 2008, for example, the Tripartite Committee on the Central Provident Fund and Work-Related Benefits for Low-Wage Workers issued a Tripartite Advisory on Responsible Outsourcing Practices to help end-user companies enhance the employment terms and conditions of employees of their service providers (particularly cleaning and security services). The Tripartite Guidelines on Managing Excess Manpower, adopted in November 2008 as part of the response to the crisis, outlined a series of measures to avoid retrenchments that might otherwise result from the sharp economic downturn.

**207.** *Thailand* – At the end of 2007, Thailand amended the Labour Protection Act to assert employers’ responsibility for employees transferred to a nominally separate production unit – which, in practice, remains part of the business. The amendments provide that employees subcontracted in this way remain entitled to the same wages, benefits and welfare as the regular workers.

**208.** *Philippines* – The Labor Code of the Philippines provides for restrictions on the contracting out of labour in order to protect workers’ rights, and mandates the Secretary of Labor to allocate employers’ responsibility with respect to the various forms of labour contracting. On that basis, the Department of Labor and Employment has issued regulations representing a tripartite agreement among workers’ representatives, employers and government through the Tripartite Industrial Peace Council. In 2009, Congress debated draft legislation that, among other provisions, would cap the number of casual and contractual employees a company might engage at 20 per cent of the total workforce, and incorporate penalties for labour-only contracting into the law.

**209.** *Syrian Arab Republic* – At the beginning of 2010, the Government introduced major changes to labour law, which included permitting private employment agencies to make arrangements for temporary work in order to satisfy the flexibility needs of businesses. As elsewhere, the impact of such measures needs to be monitored to ensure that fixed-term contracts are not used for more permanent ongoing work.

## Fixing minimum wages and wage policy

*Minimum wages protect the income of the least empowered wage employees*

**210.** Minimum wages protect the income of the least empowered wage employees and so can be prime instruments for eradicating poverty. They tend to protect categories of workers traditionally dominated by women. Even in countries with a large informal economy, they have a positive effect on wages in the informal economy.<sup>65</sup>

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<sup>65</sup> F. Eyraud and C. Saget: “The revival of minimum wage setting institutions”, in J. Berg and D. Kucera (eds): *Labour market institutions* (Geneva, ILO, 2008).

Table 4.1. Ratification of ILO Conventions related to wage policy

Ratifications	Total worldwide	Total Asia-Pacific	Total Arab States	Total > 2006
Convention No. 94	61	2	3	0
Convention No. 95	97	6	4	0
Convention No. 131	51	5	4	0
Convention No. 173	19	1	0	0

**211.** Most countries in Asia and the Pacific have at least one minimum wage – and many have several – fixed according to industry, geography, or by source of investment (foreign or domestic). Historically, and in the present day, there is a strong link between the minimum wage and collective bargaining. In the absence of well-functioning collective bargaining mechanisms, demands for wage increases lead to disputes and strikes. To resolve these demands, governments often resort to adjusting minimum wages, thereby defeating a central purpose of minimum wages (i.e. providing a wage floor for the most vulnerable but not a fair valuation of productive effort under all circumstances), reducing the scope for collective bargaining, and potentially reducing employment opportunities.

**212.** This phenomenon is observed most strongly in the *Philippines*, where many observers find that institutionalized minimum wage setting at provincial level crowds out the space for bargaining, a point reinforced by the fact that the minimum wage is set at over 90 per cent of the median wage. Unions in *Indonesia* and *Thailand* consider minimum wage fixing to be the only opportunity for wage setting. In these contexts, the minimum wage typically becomes the effective wage.<sup>66</sup> *Bangladesh*, *India* and *Sri Lanka* also have complex and multi-layered minimum wage fixing according to occupation and geography.

**213.** In some Arab States, the mechanisms for fixing minimum wages involve both employers' and workers' organizations. In *Lebanon*, for example, the Government fixes the national minimum wage rate, on the basis of a report by the Tripartite Commission on the Cost of Living Index. In *Jordan* the minimum wage rate is fixed by the Minimum Wage Fixing Tripartite Committee; only if this Committee cannot reach a consensus is the decision taken by the Chief of Cabinet. In the *Syrian Arab Republic*, the Minister of Social Affairs and Labour sets the minimum wage rates for private sector workers in each region, based on the proposals made by the tripartite regional minimum wage determination committees. In *Saudi Arabia*, there is provision in legislation for the establishment of a minimum wage system – but this has yet to be implemented, and wages are fixed in individual agreements between the workers and the employers.

**214.** Research has shown that appropriate minimum wage fixing compresses wages at the bottom of the earnings distribution. In other words, it helps raise the income of those at the bottom of the earnings ladder. It may also have an effect on those not formally covered by minimum wage regulations; some research in Latin America has found spikes in the wages of informal economy workers following an increase in the minimum wage.

*Appropriate minimum wage fixing compresses wages at the bottom of the earnings distribution*

**215.** Despite increasingly requesting ILO assistance on wage policy, Asia and the Pacific member States have not registered a single ratification of any technical international labour Convention underpinning wage policy since the last Asian Regional Meeting. This appears incongruous given the specific endorsement by the Governing

<sup>66</sup> ILO: *Global Wage Report 2008–09*, op. cit. See also C. Saget: "Fixing minimum wage levels in developing countries: Common failures and remedies", in *International Labour Review*, Vol. 147, No. 1 (Geneva, ILO, 2008), pp. 25–42.

Body of these up to date Conventions; the recent re-endorsement by the ILO Committee of Experts; and the scope for progress left by the limited number of total ratifications (table 4.1). This situation should be reviewed in the light of the Global Jobs Pact, which warned of “the damaging consequences of deflationary wage spirals and worsening working conditions” and explicitly referred to the Minimum Wage Fixing Convention, 1970 (No. 131), for guidance.

## Labour administration and inspection

**216.** Discussions at the 95th Session of the International Labour Conference (2006) confirmed widespread tripartite commitment to labour inspection as a fundamental instrument in implementing decent work. A functioning labour inspection system is a basic condition for good governance in the world of work, reflected in the 135 ratifications to date of the Labour Inspection Convention, 1947 (No. 81). Strengthening labour inspection is thus an integral part of improving labour market governance. It makes little sense to adopt labour laws if no mechanism is put in place to promote compliance with – and educate workers and employers on the means and benefits of adhering to – these laws.

**217.** Labour inspectorates are, however, generally under pressure, with too few inspectors, reduced budgets, and lack of training. Their task has also become increasingly complex as a result of changes in the workplace – from the growth of the informal sector and the fissuring of the traditional employment relationship to the decline of trade unions and the emergence of new forms of occupational hazards.

*The majority of strikes in Asia and the Pacific have their basis in alleged violations of the law*

**218.** This also places strains on other labour market institutions, such as conciliation, arbitration, and the courts. It penalizes law-abiding employers by not sanctioning employers who try to evade the law. It denies businesses an incentive to internalize costs associated with occupational safety and health prevention. It promotes strikes over rights disputes that otherwise should be resolved by the inspectorate, putting pressure on collective bargaining mechanisms and workplace cooperation, as these types of disputes tend to sow mistrust between workers and employers. As the majority of strikes in Asia and the Pacific have their basis in alleged violations of the law, this points to an important avenue for future work.

**219.** Some governments have taken steps to make improvements, such as China, *Mongolia* and the *Philippines*. The ILO recommends a ratio of one inspector per 40,000 workers in less developed countries, one per 20,000 in transition economies, one per 15,000 in industrializing economies, and one per 10,000 in industrial market economies. *Indonesia, Thailand, Viet Nam* and the *Philippines*, among others, are well below these ratios. It should be stressed that simply increasing the number of inspectors will not necessarily improve compliance, without addressing other underlying factors. An effective labour inspectorate requires adequate resources, clear authority and strategy; proper training and equipment; and the support of the social partners.

**220.** In most Arab States, labour inspection is generally confined to formal employment in urban areas. As a result of legal barriers and a lack of resources, many other groups remain unserved – including domestic workers, workers in agriculture and the informal economy, and migrant workers. In *Lebanon, Oman, Syrian Arab Republic* and *Yemen*, a Norwegian project, “Enhancing labour inspection effectiveness”, is helping to rectify the weaknesses inherent in these countries’ systems and to improve their overall effectiveness and impact. Member States also need to ensure that labour inspection services protect agricultural workers – and this implies ratifying and implementing the Labour Inspection (Agriculture) Convention, 1969 (No. 129).

## PART II

### *Four years of achievements and challenges: 2006–10*

**221.** Despite the global financial and economic crisis, the Asia and the Pacific region remains a global focal point for growth and change. This dynamism does, however, present challenges that require the urgent attention of governments, social partners, civil society and citizens. This chapter reports describes the way in which constituents have worked with the ILO to promote economic and social development through the Decent Work Agenda.

#### Overview

**222.** In supporting the implementation of the Asian Decent Work Agenda, the ILO in Asia and the Pacific has been working with governments, employers' and workers' organizations, according to their national priorities and adjusting to emergencies – be they man-made or natural calamities – through five main clusters of priorities:

- (1) increasing competitiveness, productivity and jobs;
- (2) improving labour market governance;
- (3) extending social protection;
- (4) eliminating child labour and creating opportunities for young people; and
- (5) improving the management of labour migration.

**223.** For each cluster, Part II highlights the key trends and issues, explains how ILO constituents have responded to these issues, and reports on achievements. Promoting fundamental principles and rights at work and international labour standards, gender equality and social dialogue, are taken up as cross-cutting issues.

**224.** The ILO helps countries define and implement national decent work strategies through a combination of advocacy, demonstration and cooperation – arriving at time-bound Decent Work Country Programmes (DWCPs), for which tripartite constituents set attainable goals and outcomes. The ILO's contribution supports the United Nations country-level programming processes, including the United Nations Development Assistance Frameworks (UNDAFs). This enables the ILO and its tripartite constituents to work closely with the United Nations and multilateral financial institutions and donors with a view to improving the integration of the objectives of full and productive employment, poverty alleviation and decent work into policy dialogue and programming cycles. In addition, countries can join in subregional, regional or international ILO initiatives or programmes.

**225.** The overall strategy comprises a number of complementary elements: developing DWCPs, for which attainable goals and outcomes are set with the tripartite constituents; setting the ILO's contribution within the “One UN” framework to promote coherence in broader policy dialogues and programme cycles of the United Nations and Bretton Woods institutions; knowledge brokering; and developing subregional, regional or international ILO initiatives, with which countries of the region are associated.

**226.** *The ILO's main support vehicle is the DWCP* – Following the last Asian Regional Meeting in 2006, the ILO intensified efforts to ensure that DWCPs became

*DWCPs are the ILO's main support vehicle*

the main vehicles for ILO support. As a result, more than half of the developing ILO member States in the region have DWCPs. Constituents have established DWCPs in 23 countries: *Afghanistan, Bahrain, Bangladesh, Cambodia, China, Fiji, India, Indonesia, Jordan, Kiribati, Mongolia, Nepal, Oman, Pakistan, Papua New Guinea, Samoa, Solomon Islands, Sri Lanka, Syrian Arab Republic, Timor-Leste, Tuvalu, Vanuatu* and *Yemen* – all of which have been appraised under the Office's quality assurance mechanism. Of these programmes, two expired at the end of 2009 and another eight in 2010. A further eight DWCPs are at various stages of development – in *Lebanon, Malaysia, Marshall Islands, Philippines, Thailand* and *Viet Nam*, and the next cycle of DWCP in *Pakistan* (2011–15) and *Jordan*. In the case of the Pacific Island countries, the DWCPs are complemented by the Pacific Action Plan for Decent Work, adopted at the Tripartite High-level Meeting on Decent Work for Sustainable Development in the Pacific, in Port Vila, *Vanuatu*, in February 2010. Programmatic frameworks to support and promote the Decent Work Agenda are also being developed in crisis-affected areas, for example in Iraq and the territory under the Palestinian Authority.

**227.** Tripartite constituents were involved in preparing and designing the DWCPs, and in endorsing and signing the documents. Some countries, such as *Sri Lanka, Pakistan, Yemen* and the *Syrian Arab Republic*, have set up special tripartite bodies to oversee the implementation of the DWCP. When designing the DWCPs, constituents aim to create integrated programmes, drawing on all areas of ILO expertise.

**228.** Three of the region's DWCPs have been subjected to an independent evaluation – those of the *Philippines* in 2006, *Jordan* in 2008<sup>67</sup> and *Indonesia* in 2009.

**229.** In addition to DWCP evaluations, the ILO has organized internal country programme reviews – in *Bangladesh, Cambodia, Lao People's Democratic Republic, Mongolia, Nepal, Syrian Arab Republic, Yemen* and the Pacific Island countries – which have provided the Office with feedback on the implementation of DWCPs.

**230.** These evaluations and reviews have highlighted the results that DWCPs have achieved. They have also shown the importance of building constituents' capacity in strategic planning and results-based management, and of establishing DWCP monitoring and evaluation (M&E) practices that are aligned with the national M&E frameworks and UNDAFs, as well as with the ILO's technical cooperation projects and its programme and budget results frameworks.

**231.** DWCPs have helped the Office channel funds to areas in which they were most needed by taking advantage of outcome-based work planning, the enhanced Technical Cooperation Strategy and the Regular Budget Supplementary Account (RBSA). In addition, linking the DWCPs with the UNDAFs has facilitated access to United Nations funding.

*DWCPs have also guided ILO technical cooperation*

**232.** DWCPs have also guided ILO technical cooperation. Projects in the region have received support from individual governments, as well as from the European Union, United Nations agencies, the World Bank, regional development banks, employers' and workers' organizations, and private sector foundations. Activities have generally been led by the Ministry of Labour and workers' and employers' organizations, and supported by other government ministries – especially those for planning, agriculture, industry, trade, statistics, infrastructure/public works and finance, whose efforts are essential for achieving decent work outcomes. These efforts have been complemented by the work of key academics and grass-roots associations. Flexibility was required in their implementation to accommodate for new challenges posed by the economic and financial crisis.

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<sup>67</sup> ILO: *Independent evaluation of the ILO country programme for the Hashemite Kingdom of Jordan*, Governing Body, 303rd Session, Geneva, Nov. 2008, GB.303/PFA/3/4.



**Profile F: Nepal**

“Benefiting from a new road.”

*Dhan Bahadur Tamang, 51 years of age, Ramechhap, Nepal*

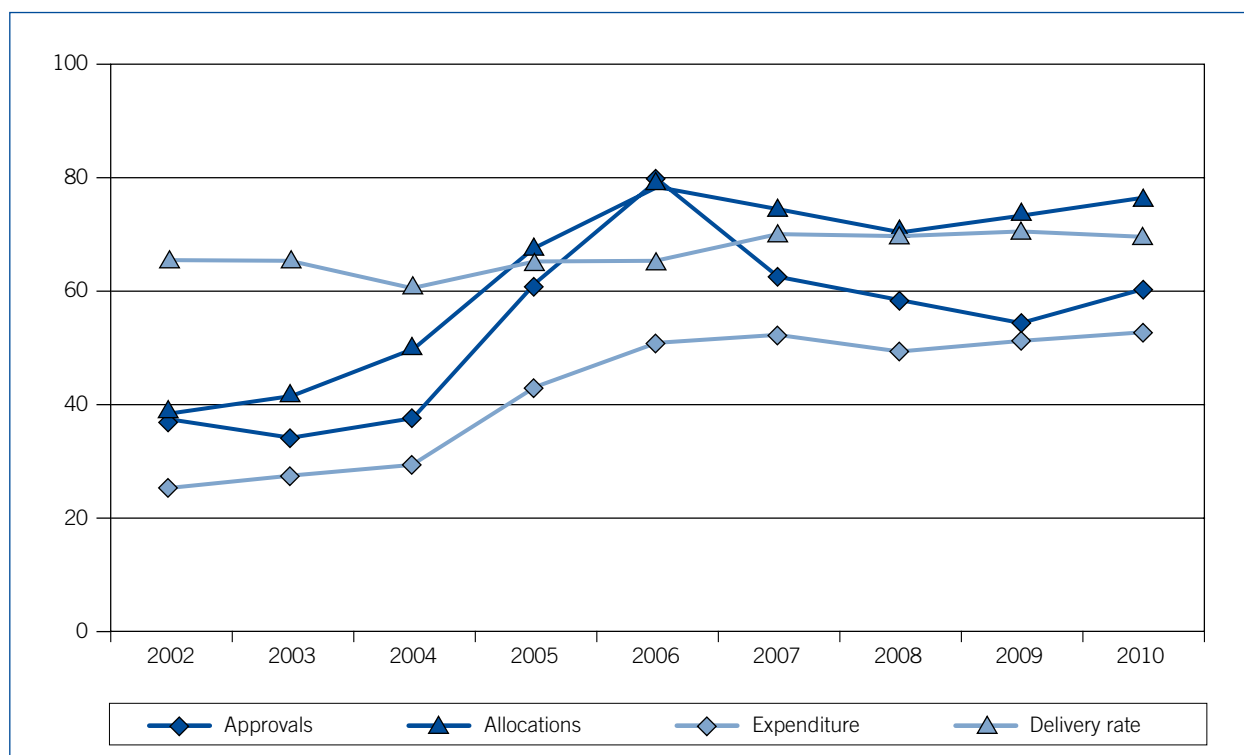
Dhan Bahadur Tamang started a general store with a capital of NRs60,000 in Gaitar village, after maintenance and upgrading work had been carried out on the Bhalukhop–Chayaunkethanti road by the Local Road User Committee, with technical assistance from the ILO–Employment Creation and Peace Building based on Local Economic Development (EmPLED) project.

He orders his goods by telephone. His prices have dropped due to lower transportation costs, thanks to the improved roads which have cut the travel by porter services by at least two hours.

His profit has risen by NRs12,000 a month. He has even started to export local products, especially a locally grown sweet orange called junar. He now has an inventory of rice, sugar, rice flakes, salt, edible oil and other daily consumable goods in his store worth about NRs300,000. Upgrading the road has brought convenience and improved the quality of life for hill residents like him.

**233.** Since 2006 there have been improvements in most technical cooperation performance indicators (see figure II.1). Approvals peaked in 2005 and 2006 – partly in response to the 2004 Indian Ocean tsunami, but since then the region has been able to maintain approvals at high annual levels. Prior to 2005, approvals had averaged \$38 million, while after 2006 they averaged \$69 million. There has also been an improvement in delivery, as measured by expenditures as a proportion of allocations, which has gradually increased, and in 2009 this reached an overall high of 70 per cent. These successes are due in part to the introduction in 2007 of a quarterly delivery alert system. Furthermore, a systematic quality assurance mechanism has been introduced, which has improved the quality of project documents.

**Figure II.1. Trends in technical cooperation in Asia and the Pacific**



Note: Approvals, allocations, expenditures in \$ millions. Delivery rate in percentages. 2010 figures based on estimates.

**234.** There has also been a shift in the sources of funds. In the previous reporting period, the biggest contributor to ILO's technical cooperation in Asia and the Pacific was the *United States*. In the current reporting period, however, the largest donors were the European Commission and the *Netherlands*, followed by the UNDP and the *United States*. The UNDP's emergence as the third largest donor is an indication that the ILO's efforts to achieve better coherence in the United Nations system are beginning to bear fruit. In 2010, *Australia* signed an agreement with the ILO that puts it amongst the region's top donors. In the Arab States, this period also witnessed a significant increase in ILO resources received from United Nations Trust Funds, for example the Lebanon Recovery Fund and Iraq Trust Fund. In *Lebanon* and the territory under the Palestinian Authority, the ILO has received funding through the UNDP–Spain Millennium Development Goals Achievement Fund.

**235.** For the second half of the reporting period (2008–09), the combined funding of the Regional Office and for RBSA was \$7.8 million. This has mainly been deployed to support regional priorities on green jobs, local economic development and micro-finance, and to promote gender equality. Evaluations of the programmes, funded partly under RBSA, have indicated the value of developing tools and kick-starting innovative approaches, while providing much-needed funding for relevant country programmes. Allocations for 2010–11 were being processed as this report was being finalized.

*A central part of the ILO strategy is to engage with and support its constituents through knowledge sharing*

**236.** *Knowledge brokering* – A central part of the ILO strategy is to engage with and support its constituents through knowledge sharing. The Office has also carried out a number of initiatives in response to constituents' requests made during the 14th Asian Regional Meeting and the Asian Regional Forum on Growth, Employment and Decent Work in Beijing in 2007 – which encouraged the Office to improve knowledge management services. To facilitate the exchange of experiences, the ILO has therefore organized learning events, online discussion forums, policy platforms and seminars. In regional events, the constituents have identified priorities and needs for which the Office has tailored appropriate tools and products such as an online multimedia resource kit, comprised of policy briefs and detailed reference materials on the Asian Decent Work Decade. The Office has also established Asian Decent Work Decade knowledge networks on youth employment, skills, migration, industrial relations and green jobs. These networks are helping almost a thousand constituents and practitioners to collaborate, share and contribute to the knowledge base in their respective areas of work. An online survey amongst constituents in June 2010 showed that the three most preferred ways to be involved in ILO ROAP-sponsored Communities of Practice were: participation in structured moderated online discussions; mail-delivered newsletters with network updates; and attendance at regular meetings to review the scope and future agenda of the networks to which they belonged. Of the respondents, 95 per cent would recommend others to join an ILO ROAP-sponsored Community of Practice.

**237.** *Regional events* – At the Asian Regional Forum on Growth, Employment and Decent Work in Beijing, high-level policy-makers and representatives of workers' and employers' organizations identified key issues for the Asian Decent Work Decade and the United Nations MDGs, focusing on the link between the economic, social and environmental dimensions of sustainable development and the related strategies to promote decent work. This was followed by the Asia–Pacific Regional High-level Meeting on Socially Inclusive Strategies to Extend Social Security Coverage, held in New Delhi in May 2008, which discussed social security schemes and the changes in social needs as a result of major changes in the economic, social and labour market environments. Following the Tripartite Interregional Meeting on Occupational Safety and Health in the Arab States, held in Damascus in November 2007, which derived a strategic action plan on OSH for the region, the Interregional Tripartite Meeting on the future of social security in Arab States (Amman, May 2008) provided a forum to discuss trends, emerging issues and best practices in social security. In February 2009, in collaboration with the ADB and the Philippines Department of Labor and Employment, the Office

convened a high-level forum on “Responding to the economic crisis – Coherent policies for growth, employment and decent work in Asia and the Pacific”.

**238.** This was followed in October 2009 by the Arab Employment Forum – “A Jobs Pact for recovery and growth”, held in Beirut, which engaged all 22 Arab States, including those in West Asia and North Africa. The Forum aimed to reinforce the Global Employment Agenda, particularly through DWCPs, and resulted in an Arab Action Agenda for Employment. In October 2009, a Tripartite Meeting on Negotiating for Decent Work in the Age of Globalization in South Asia and China was held in Sri Lanka. At this Meeting, tripartite delegations and experts from Sri Lanka, India, Nepal, Pakistan, Bangladesh, Maldives and China discussed comparative trends in collective bargaining, the impact of globalization on industrial relations and the role of collective bargaining in mitigating the effects of the economic crisis.

**239.** In February 2010, Pacific Island countries gathered at the Tripartite High-level Meeting “Decent Work for Sustainable Development in the Pacific”, held in Port Vila, Vanuatu, which identified the constraints and opportunities for promoting and accelerating implementation of the ILO’s DWCPs in the South Pacific, particularly in the light of the global economic crisis and climate change. The Meeting adopted the Port Vila Statement on Decent Work and strongly endorsed the Global Jobs Pact, and developed the “Pacific Action Plan for Decent Work”. The ASEAN Labour Ministers, under the chairpersonship of Viet Nam, agreed to convene a first regional conference on labour inspection in October 2010, which brought together labour inspectors and experts from the region and around the world to share experiences and adopt a set of recommendations on regional cooperation and partnership, knowledge sharing, and ethics. In December 2010, a Regional Conference on Social Dialogue, held in Rabat, discussed commitment among the social partners to tripartism principles and modalities of work toward the institutionalization of social dialogue mechanisms in the Arab States.

**240.** *Inter-agency collaboration* – An integrated approach, at both national and local levels, calls for much more cross-departmental planning and collaboration with regional institutions and other United Nations agencies. Significant cross-departmental steps have already been taken in this direction. The ILO and UNDP have recently signed an agreement to collaborate on the Global Jobs Pact. The ILO has further intensified its collaboration with the United Nations Industrial Development Organization (UNIDO), for example, benefiting from the organization’s link to national cleaner production centres; it has also partnered with the International Finance Corporation (IFC) as part of its Better Work programme to monitor labour standards in supply chains. The ILO has also participated with various United Nations agencies in multi-agency programmes under the Spanish UNDP MDG Fund and its successor, the Expanded MDG Fund. Other key partners with whom ILO has been working across the region have included: the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP); the United Nations Economic and Social Commission for Western Asia (ESCWA); the ADB; the ASEAN Secretariat; the Secretariat of the GCC, and the Arab Labour Organization – which is part of the League of Arab States. Deepening cooperation with these organizations and others – such as the South Asian Association for Regional Cooperation (SAARC) and the PIF – which have mandates in closely related fields, can help ensure an integrated approach and promote decent work.

*An integrated approach requires collaboration with regional institutions and other United Nations agencies*

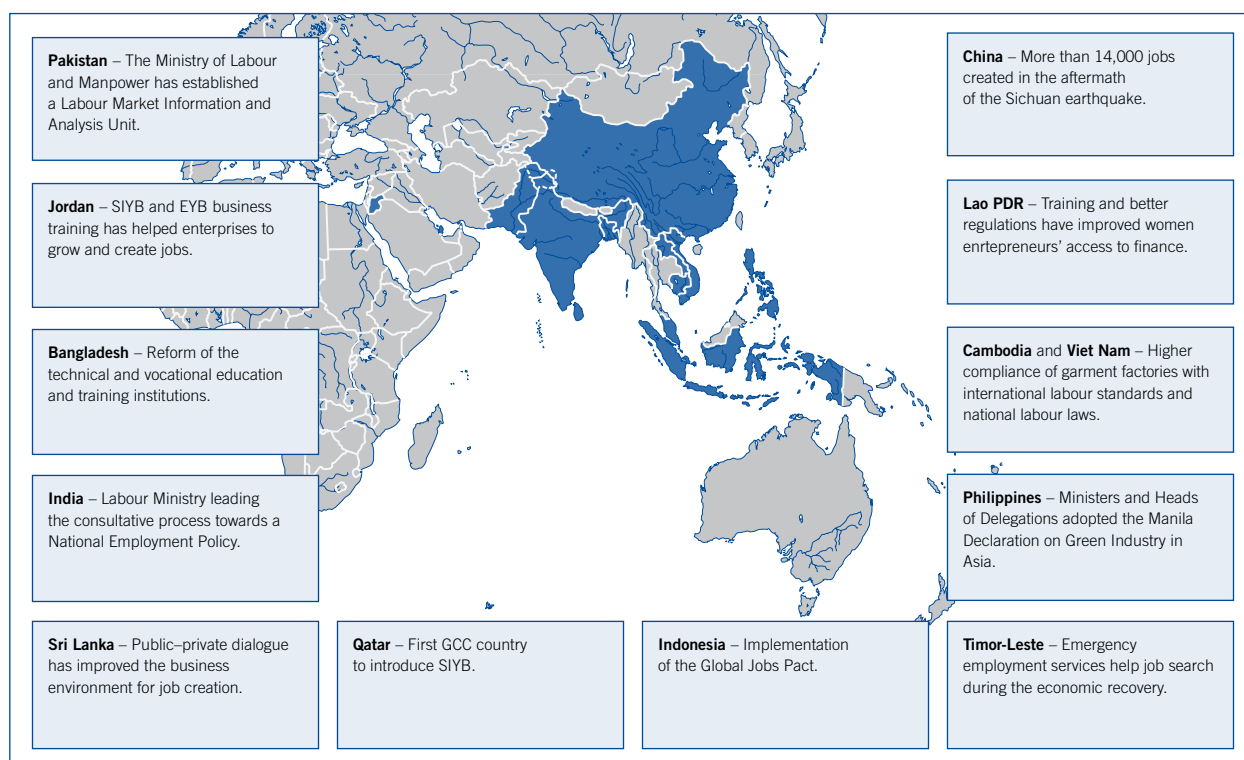


## Chapter 5

### *Increasing competitiveness, productivity and jobs*

**241.** At the 2006 Asian Regional Meeting, ILO constituents concluded that promoting productivity growth, competitive economies and job creation was one of the interconnected priorities for realizing decent work and reducing poverty across the region. Many Asia-Pacific countries made significant progress towards these goals during the 2006–08 period, when large productivity gains in the region helped boost economic growth and competitiveness, and cut poverty. However, these achievements came under threat in 2008 as soaring energy and food prices presented a serious challenge to businesses, especially SMEs, and undermined living standards, particularly those of the poor. And towards the end of the 2008, countries in Asia and the Pacific started to bear the full brunt of the global financial, economic and job crisis. The crisis has called for a response based on the Decent Work Agenda to save jobs and protect people, as well as policies and measures to strengthen income-led and job-rich recovery paths. Such a response requires a close link between improved productivity and competitiveness and the goals of creating more and better jobs in sustainable enterprises.

**Figure 5.1. Snapshot of ILO support for competitiveness, productivity and jobs**



## ILO strategy

**242.** The ILO strategy to assist constituents in their efforts to increase competitiveness, productivity and jobs has focused on the following areas:

- making employment central to economic and social policies;
- strengthening competitiveness and productivity through enterprise development;
- enhancing skills and employability, including for people with disabilities;
- supporting green jobs;
- improving labour market information and analysis.

**243.** The ILO strategy has been pursued through a range of interventions: research and the collection, compilation and dissemination of real-time information on employment practices, labour and social trends, and policies and measures; technical advisory services for policy design and evaluation; training and capacity building for the tripartite partners to improve their technical expertise; workshops, networking, study tours and other means of sharing experiences and good practice; and pilot programmes at industry level to demonstrate to what extent the promotion of productivity, competitiveness and decent work go hand in hand. These efforts have been supported by a portfolio of technical cooperation projects, especially in the areas of labour market information, small enterprise development, skills development and green jobs.

**244.** In responding to the global financial, economic and jobs crisis, the central aim of the ILO has been to: equip ILO constituents with information based on analyses of the consequences of the crisis for employment, enterprises, and social and labour conditions; provide tripartite forums to discuss developments and policy responses; and provide constituents with tools to assist their own efforts to respond to the situation brought about by the global crisis. Following the adoption of the Global Jobs Pact in 2009, the ILO has set in motion a double strategy: (a) to assist constituents committed to the integrated application of the Pact; and (b) to respond to requests from countries for particular policy assistance in a crisis situation, by mainstreaming the Pact or some of its policy recommendations into DWCPs.

**245.** The ILO has been guided by the 2008 Declaration on Social Justice for a Fair Globalization, the 2009 Global Jobs Pact, and the 1998 Declaration on Fundamental Principles and Rights at Work.

## Making employment central to economic and social policies

**246.** The ILO, governments and social partners have been working to ensure that employment goals and strategies are closely integrated into all national economic and social plans and policies. This has involved a better articulation of employment goals within national development frameworks (national development plans and/or poverty reduction strategies) and the development of comprehensive employment policies, which bring together several policy areas, supported by research, capacity building for constituents, and assistance in policy design and crisis response.

### *Knowledge brokering*

**247.** Through various networks and partnerships, the ILO has been promoting policy-oriented research on employment and labour markets (box 5.1.). Since 2005, the Office has produced a number of “Labour and social trends” reports for the region, which have been well received and led to further similar reports at both subregional and national levels. These reports provide data, analysis and support for national efforts, making employment central to economic and social policies.

**Box 5.1. Growth constraints in Nepal**

In 2008–09, the ILO jointly undertook a study with the ADB and the United Kingdom's Department for International Development (DFID) to identify the major constraints to growth in *Nepal*. The ILO's mandate was to look into issues related to the supply and demand sides of the labour market, for which it carried out a survey of private sector enterprises. From the employers' point of view, the main constraints were political instability followed by the inadequacy of infrastructure – particularly electricity and transportation. Other constraints were industrial disputes, the low level of skills and the existing labour laws. The ILO's analysis concluded, however, that these constraints were neither binding nor permanent, especially now that the country was on a path to greater political stability. The study has had a marked influence on the policy debate in Nepal and, with support from the ILO, a number of reforms are now under way.

*Development frameworks*

**248.** Supported by the ILO, member States have given greater priority to productive employment and decent work in their development plans. *China*, for example, has prioritized job creation in its socio-economic development process and promotes active labour market policies. *India*, in its 11th Five-Year Plan, emphasizes employment and decent work as prerequisites for inclusive growth and economic development (box 5.2). *Indonesia* similarly has made employment central to its new Mid-term Development Plan (2010–14). The *Syrian Arab Republic* has prioritized job creation in its Five-Year Development Plan (2006–10), and as part of its overall socio-economic reform package it has set targets for reorganizing the labour market – focusing on upgrading the informal economy and raising labour productivity. *Pakistan*, in its Joint “One UN” Programme, has prioritized decent work and productive employment. *Bangladesh*, through the second Poverty Reduction Strategy Paper (PRSP–2), and *Nepal*, through its development plan, have both focused on productive employment. In *Viet Nam*, thematic reviews of key policy areas are feeding into the next Socio-Economic Development Plan (2011–20).

*Member States have given greater priority to productive employment and decent work in their development plans*

**Box 5.2. Drafting Indian employment policy**

*India* has witnessed steadily rising economic growth since the early 1990s, but still faces formidable challenges in creating productive employment, especially in the formal sector. In collaboration with the ILO, starting in 2008 the Government has drafted India's first-ever national employment policy. This task involved an inter-ministerial group and regular tripartite plus meetings with a wide group of stakeholders. The ILO offered assistance, for example, in the form of policy papers brought out as part of the ILO's Asia–Pacific Working Paper series. Working groups were set up on the following themes: macro-economic policies; sectoral policies; labour market policies; enterprise development; skills development; and women workers' issues. The groups were composed of government ministries, state governments, workers' representatives, employers' representatives, policy-makers, civil society groups, United Nations agencies, and eminent academics. Their recommendations were coordinated by the Ministry of Labour and Employment and the ILO and formed the substance of the draft employment policy, which was posted for comments on the websites of the Government, the ILO and the UN. The draft policy, along with an action plan, is now with the Government for final updates, and is likely to be presented to the Parliament soon for adoption.

### Box 5.3. Drafting Jordanian employment policy

*Jordan* witnessed a period of economic growth right up to the economic crisis in 2008. However, even during that period, new job opportunities were low quality and low skilled, and mostly taken by migrant workers. As a consequence, unemployment remained high. In collaboration with the ILO, the Government started drafting *Jordan's* first-ever national employment policy in 2006. This involved an inter-ministerial group and tripartite-plus meetings with a wide group of stakeholders. The ILO worked with all the stakeholders in identifying the priority areas.

The draft document provides the mechanisms for ensuring the creation of productive employment, social cohesion and an inclusive labour market for all *Jordanian* citizens. It identifies the main employment challenges to be tackled; outlines goals and objectives; and formulates key policy responses with specific strategies for each. Furthermore, the policy sets forth the implementation, monitoring and evaluation mechanisms.

The policy priorities include three main pillars of action: economic policies for employment expansion; labour market policies, programmes and institutions; and working conditions, rights and social dialogue. An action plan is expected to follow this process.

### *National policies and programmes*

**249.** In addition to prioritizing productive employment in their national development plans and strategies, governments have adopted employment policies and programmes specifically to promote employment. For example, in 2007, *China* passed its Employment Promotion Law, which provides a legal framework for promoting employment growth. In 2005, *India* adopted the historic National Rural Employment Guarantee Act (NREGA), which in 2006 was implemented initially in 200 of the poorest districts and subsequently, in 2008, in all the country's districts – providing 100 days of work per family in rural areas at the minimum wage for agriculture. *Nepal* has also implemented a rural employment guarantee scheme in specific districts. Chapter 7 also discusses labour-intensive public works in greater detail.

**250.** *India, Iraq, Jordan, Viet Nam* and *Yemen* have been working towards comprehensive and integrated employment policies that emphasize macroeconomic and sectoral policies, skills development, active labour market policies and enterprise development. In 2008, *Malaysia* passed a National Action Plan for Employment (2008–10), which aims to address the fast-changing labour market demands, increase competitiveness and reduce dependence on foreign labour. *Pakistan* finalized its National Employment Policy and National Skills Strategy in 2008. *Nepal, Sri Lanka, Indonesia* and the *Philippines* have formulated employment strategies specifically for youth. The ILO has supported the development of these national policies and programmes through the provision of expertise on labour issues and policy advice. In the *Philippines*, technical support has been provided under the MDG Achievement Fund (MDG–F), a United Nations Joint Programme on Youth, Employment and Migration.

**251.** The ILO has also contributed to the promotion of youth employment (see Chapter 8 on eliminating child labour and creating opportunities for young people) and decent work for older persons – through awareness building and knowledge sharing on current and emerging issues. It has, for example, carried out studies in *China, India, Japan, Singapore, Sri Lanka* and *Thailand* to highlight the issues related to decent work for older persons, and recommended appropriate policies.



*Crisis response*

**252.** While addressing critical longer term issues, member States have, with ILO support, taken action to preserve and protect employment in response to the global financial and economic crisis. The Office has worked at national levels in response to specific requests, and worked at the regional level in policy advice and capacity building, while increasingly engaging with regional organizations, the United Nations and other multilateral institutions. One of the key priorities from the outset of the crisis was to strengthen the capacity of constituents for analysis and policy advice. With ILO support, governments have carried out a number of rapid assessments, which have fed into national tripartite dialogues and the design of policy responses – as in *Bangladesh, Cambodia, China, India, Indonesia, Jordan, Nepal, Pakistan, Philippines, Sri Lanka* and *Viet Nam*. The ILO has supported trade union initiatives and action in the region in response to the crisis in order to find measures to influence government employment policy, so as to secure existing jobs and minimize unemployment.

**253.** In all these activities, the ILO has aimed to maximize the synergies between crisis response, the Global Jobs Pact and ongoing DWCPs (box 5.4).

**254.** In *Indonesia* and *Mongolia*, the ILO has provided comprehensive support to the constituents. In the case of Indonesia, a constituent-driven example, where tripartite cooperation has already produced a draft action plan, the ILO provided support in training and capacity building. It also assessed the employment impact of crisis measures, and of skills and employment policy initiatives, as well as attempts at engaging international support. The benefits of the Pact could further be seen in terms of strengthening the Office's capacity to deliver integrated technical assistance; design and implement integrated research; enhance tripartism; promote policy coherence; improve analytical tools; and foster policy dialogue.

*One of the key priorities from the outset of the crisis was to strengthen the capacity of constituents for analysis and policy advice*

#### **Box 5.4. The Global Jobs Pact in Asia and the Pacific**

The Global Jobs Pact applies the Decent Work Agenda to the crisis. The ILO is helping constituents implement the policy measures set out in the Pact.

- *The Arab Action Agenda for Employment* – The ILO Regional Office for the Arab States integrated these orientations into its programme and action plan for the 2010–11 biennium.
- *Pacific Action Plan for Decent Work* – The labour ministers and social partners of several Pacific Island countries requested, in the Port Vila Statement on Decent Work (2010), the inclusion of the Pacific region as a priority in the ILO Global Jobs Pact support programme.
- *ASEAN* – In 2009, the ILO contributed to an ASEAN meeting on “Tripartism and social dialogue and measures to address the economic downturn”, organized and sponsored by the Ministry of Manpower of Singapore.
- *Sector support* – The ILO convened a regional meeting in Tokyo in 2009, bringing together tripartite delegations from the automotive industry across the region to share experiences in the use of social dialogue to formulate policy responses for the recovery of an industry severely affected by the crisis.

The Office has also worked with individual countries, for example:

- *China* – With ILO technical support, the Ministry of Human Resources and Social Security organized a seminar on the promotion of the Global Jobs Pact and Employment in 2010. The seminar aimed to promote the Global Jobs Pact at national level, and to strengthen the linkage between macro-

#### Box 5.4. The Global Jobs Pact in Asia and the Pacific (continued)

economic policies and employment. It also provided a platform for nine countries in Asia and the Pacific to share their experience in implementing the Pact and in effectively responding to the global financial crisis.

- *Indonesia* – Together with the Coordinating Ministry for Economic Affairs, the ILO completed a rapid assessment and assisted with a monitoring system to assess the effects of the infrastructure component of the 2009 economic stimulus package. The Government will host a summit aimed at adopting a national jobs pact to promote skills and entrepreneurship, and to extend social protection to vulnerable workers. The Indonesian DWCP is being updated in 2010 and will incorporate consultations on the Global Jobs Pact.
- *Jordan* – The Government has established a high-level committee to address the impact of the crisis and has conducted a rapid labour market assessment. The recently established Economic and Social Council serves as a platform for dialogue between the Government, the social partners and civil society. The second phase of the DWCP is currently under development and, following the preparation of a rapid assessment of the effects of the crisis on Jordan in early 2010, the ILO is preparing a review of policies and interventions.

In the framework of existing DWCPs, priorities have been adjusted to accommodate crisis responses, for example:

- *Bangladesh* – The ILO is working with the Government to reform the training system for a job-rich recovery. Following an ILO survey on skills, the Government is diversifying the skills training programmes it offers to migrants.
- *Cambodia* – Crisis-response projects form part of a larger framework to improve social protection and develop a national social safety net. Together with the Cambodia Institute of Development Studies, the ILO has conducted a rapid assessment of the crisis impact. The Office has supported self-employment strategies for laid-off garment sector workers, and given technical advice on employment-intensive infrastructure and the establishment of regional job centres. It has also supported trade unions in promoting freedom of association and collective bargaining as a means of protecting employment and improving working conditions in the textile sector. A number of training sessions to disseminate good collective bargaining practices were organized, and model collective bargaining agreements were printed and distributed to union members. In addition, the ILO and Australian People for Health, Education and Development Abroad (APHDA) carried out a study on laid-off garment sector employees who sought work in the sex industry to cope with the economic crisis. Responding to the needs outlined in the study, the Cambodia Workers' Education Project provided technical assistance and training to the Food and Services Workers' Federation, which is promoting improved working conditions and occupational health and safety for entertainment workers.
- *Lebanon* – An ILO project that supports the National Employment Office is being reoriented to take into account the changing needs of jobseekers, new entrants and return migrant workers. The ILO is also offering technical assistance to the Ministry of Labour for a comprehensive social security reform.
- *Pakistan* – Crisis response is a priority in the DWCP and provides the framework for the ILO's support to the constituents to develop and implement strategies for employment-focused recovery in post-crisis situations.

## Strengthening competitiveness and productivity through enterprise development

**255.** The second focus area for increasing competitiveness and productivity is enterprise development. Major results have been achieved by promoting entrepreneurship and business development and financial services – especially for women and youth; improving the business environment; and promoting better workplace practices. Programmes to support enterprises have increasingly pursued integrated and multidimensional approaches to promoting more and better jobs – targeting the micro, meso and macro levels as part of the same effort. These approaches have been successful, for example, for promoting employment and social protection in micro- and small enterprises, where employers and workers are not covered by company-level insurance and thus require protection through national-level social policies.

### *Business start-up*

**256.** One of the most broadly applied entrepreneurship programmes in the region continues to be the ILO’s Start and Improve Your Business (SIYB) programme. This has been introduced, for example, in *China, Iraq, Jordan, Lao People’s Democratic Republic, Nepal, Papua New Guinea, Philippines, Qatar, Sri Lanka, Timor-Leste, Viet Nam* and several Pacific Island countries. Promoting entrepreneurship for young people has become a key strategy in smoothing their school-to-work transition (see also the section on youth employment in Chapter 8).

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### **Profile G: Indonesia**

“I was just thrilled to get the job offer from the company.”

*Nikodemus Nisa, 18 years of age, Kupang, Indonesia*

Nikodemus Nisa, or Niko as he is affectionately known, was forced to drop out of school after his elementary education. After losing his father at the age of eight, he and his five other siblings were raised by his uncle in a remote village in East Nusa Tenggara, Indonesia.

“I really wanted to continue my studies. But my family could not afford it. I had my chance, finally, when a community learning centre – called PKBM Sonaf Marthin – was established in my village”, he says.

Niko was enrolled in the SIYB programme for several months, before joining the vocational training course on furniture making in July 2009. The learning centre and training programmes were established in collaboration with the ILO under its Education and Skills Training for Youth Employment (EAST). “I learned so much and gained entrepreneurship skills from the learning centre”, he says.

After completing the training, together with five other students, Niko was offered an internship opportunity at one of the private companies in Kupang, CV Abel, to enhance his furniture-making skills. His supervisor was so impressed by his hard work and skills, he offered Niko a job. He has been working at CV Abel ever since.

“I was just thrilled to get the job offer from the company. The training programme conducted by the ILO has provided me with skills that I can use to find a job and work decently. I also become more confident in doing my work”, he says, adding that he is going to pursue his education shortly by entering a “B package programme” – a government non-formal education programme that is equal to junior high school.

He plans to continue working for several more months to gain additional skills before going back to his village to develop his own business. “When my family heard about my job in here, they were very proud. I hope that I can also make my village proud of what I have achieved”, he said. His dream, therefore, is to go back to his village to share his knowledge and experience in order to build and improve the local economy. “I want to reach a better future for all of us.”

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**257.** Entrepreneurship promotion has also proven successful in disaster recovery programmes. For example, in the earthquake-affected areas in Sichuan, *China*, the Ministry of Human Resources and Social Security launched a SIYB programme, which, within one year, established over 2,400 small businesses and created 14,107 jobs. Through this project, the ILO has established a new partnership with the International Federation of Red Cross and Red Crescent Societies to continue to support small business development in the earthquake-affected areas.

#### *Empowering women*

*ILO programmes have empowered women by promoting entrepreneurship and gender equality*

**258.** ILO programmes have empowered women by promoting entrepreneurship and gender equality. These programmes apply policies and tools that are sensitive to women's and men's different needs and take a holistic perspective – incorporating business training, affordable follow-up advice, access to credit, and emphasizing economic and social empowerment as well as gender equality. In *Cambodia*, for example, government agencies and civil society groups, supported by the ILO, have increased entrepreneurship training to women – which raised the female share of registered businesses from 6.4 per cent in 2006 to 10.8 per cent in 2009. In the *Lao People's Democratic Republic*, the Bank of Laos has introduced new microfinance regulations that have improved the environment for community-based savings and loan schemes for rural women entrepreneurs. In *India* the national trade unions in Tamil Nadu, supported by the ILO, have developed a gender policy to empower women through more participation at decision-making levels in the trade unions and in the public domain. In addition, the trade unions have tried to ensure that rural informal economy workers, and women in particular, have access to social protection and social security programmes, microfinance schemes and various government programmes. The programme has also assisted women through skills development. In *Cambodia* and *Nepal*, joint trade union women's committees have been strengthened and trained, ensuring that attempts to counter gender-based discrimination remain high on the trade union agenda.

#### *Improving the business environment*

**259.** Member States have made some progress in improving their business environments. In Binh Phuoc province in *Viet Nam*, for example, more inclusive public–private dialogue and the establishment of one-stop shops for business registrations and licences have quadrupled the number of registered enterprises. In *Lebanon*, *Saudi Arabia* and the *Syrian Arab Republic*, assessments of the business environment for SMEs have led to related policy dialogues. In *Lebanon*, the main problems have been difficult entry and exit procedures, cumbersome fiscal and customs clearance matters, and lengthy and complex processes of contract enforcement and dispute resolution. *Saudi Arabia* and the *Syrian Arab Republic* reported similar limitations.

**260.** To achieve the above outcomes, the ILO has been building the capacity of government departments, employers' organizations, as well as business development and financial service providers, to assist enterprises and entrepreneurs. For this purpose it has provided training tools that cover the whole spectrum of target groups – from illiterate micro-entrepreneurs to growth-oriented, small and medium-scale entrepreneurs.

**261.** Much of this work involves establishing public–private partnerships at the local level. As many governments have been decentralizing some of their functions, a crucial aspect of the ILO's work is to foster local level social dialogue and cooperation between stakeholders, with a view to developing value chains, promoting entrepreneurship and skills in sectors with potential to stimulate local economic growth, and creating jobs. This has also proved valuable in periods of crisis – helping to harness local capacity for crisis response, livelihood recovery and innovation, including

**Box 5.5. The Enter-Growth project in Sri Lanka**

Supporting enterprise development effectively so as to maximize synergies and create more jobs requires a light touch and a carefully measured approach, which sequences interventions over time. The ILO Enter-Growth project (2005–09) used this strategy to create a more conducive business environment, better market access and a greater acceptance for entrepreneurial culture. As a result of the project, 740 small enterprises in four districts gained access to credit or other types of financial service; at least 800 new enterprises were created; and 63 per cent of existing firms substantially increased their sales. Some 26 business associations were either revived or newly established. An Impact Assessment Survey undertaken in 2009 suggested an overall increase in employment of 15 per cent.

ecological solutions. The ILO has further supported this work with training on local development, value chain analysis and public–private dialogue – as in *Indonesia, Iraq, Lebanon, Nepal, Philippines, Sri Lanka* (box 5.5) and *Viet Nam*.

*Responsible workplace practices*

**262.** A further important achievement is that enterprises in many member States have been adopting progressive workplace practices. Some enterprises still struggle to comply with labour laws and codes of conduct – as evidenced by incidents involving child labour and union harassment, as well as dangerous products and production processes. The ILO has therefore supported national governments, constituents and other partners in their efforts to ensure that enterprises improve competitiveness and the quality of jobs. In *India, Sri Lanka* and *Viet Nam* the Office has piloted the Factory Improvement Programme, which has demonstrated the strong and critical link between good workplace practices, job quality, and productivity. In *Viet Nam*, the ILO also supported union activities, which led not only to collective bargaining agreements resulting in higher wages, but also to better working conditions and higher productivity. In the *Lao People's Democratic Republic* and *China*, employers have promoted core labour standards and a better understanding of the Labour Code. In *Jordan*, 60 per cent of firms participating in the EYB programme, implemented by the American Chamber of Commerce, created new jobs for men and women, while 96 per cent of the firms increased wages and improved working conditions. The ILO, in collaboration with tripartite constituents, has established HIV and AIDS workplace programmes in *Cambodia, China, India, Indonesia, Lao People's Democratic Republic, Nepal, Philippines, Sri Lanka, Thailand* and *Viet Nam* with support from the United States Department of Labor, the United States President's Emergency Plan for AIDS Relief, the Joint United Nations Programme on HIV/AIDS (UNAIDS) Programme Acceleration Funds and other donors.

*Enterprises in many member States have been adopting progressive workplace practices*

*Corporate social responsibility*

**263.** With the growing interest in corporate social responsibility (CSR) in the region, the ILO has supported CSR activities, particularly along supply chains and in collaboration with other partners, including ASEAN. In collaboration with trade unions in *India*, for example, the ILO has promoted CSR, in particular through a clean clothes campaign for textile workers and observation of the International Tea Day for tea workers. In *China*, the ILO has promoted CSR with the China National Textile & Apparel Council and the China Employers' Confederation. A pilot programme upgraded workplace practices in 30 SMEs in the textile sector, which included promoting social codes of conduct and environmentally friendly production processes.

### *Integrated programmes*

**264.** The ILO has increasingly relied on integrated technical cooperation programmes to increase the impact on job creation. These programmes combine and sequence complementary interventions, which together achieve more than those working only along a single dimension. The ILO has, for example, made efforts to support the provision of skills training, business development services, and labour-intensive infrastructure development in broader coherent programmes. Development strategies are tested at the local level through local economic development (LED) and Training for Rural Economic Empowerment (TREE) approaches (see the section on extending social protection in this chapter). Lessons learned from these interventions have been fed back into the national policy environment.

### *Crisis response*

*The ILO has been working to help enterprises adjust to the series of crises*

**265.** The ILO has been working to help enterprises adjust to the series of crises. For heavily affected sectors such as the automotive industry, the Office has organized regional roundtables for information exchange and social dialogue. On several occasions, the ILO has championed practical and consultative approaches to managing transition processes, and promoted socially responsible transitioning – for example by advocating alternatives to lay-offs. In *China*, *Indonesia* and the *Philippines*, the ILO advised the labour ministries in designing programmes to help SMEs improve productivity and sustain their businesses during the crisis.

## Enhancing skills and employability, including for people with disabilities

**266.** If the countries of the region are to be competitive and develop in inclusive and sustainable ways, they will need sufficient skilled people. Assessing progress in skills and employability is, however, difficult because many countries lack reliable data on vocational training and human capital formation. They do not tend to report consistently on the number of graduates, or on whether these graduates have found jobs related to their training. Nonetheless, countries in the region, with ILO support, have made progress – guided by the Human Resources Development Recommendation, 2004 (No. 195), the Employment Service Convention, 1948 (No. 88), the Private Employment Agencies Convention, 1997 (No. 181), and the conclusions on skills development (adopted by the International Labour Conference in 2008).

### *Skills development policies*

**267.** Many governments have improved skills development and training policies by making them more responsive to the labour market or to technical development, as well as more accessible to those likely to suffer discrimination. *Timor-Leste*, for example, has developed a comprehensive Skills Strategy; *Pakistan* has developed and approved its National Skills Strategy with a corresponding implementation plan; and *India* has adopted its National Skills Development Policy (box 5.6). The ILO is currently helping governments in *Bangladesh*, *Mongolia* and *Pakistan* to develop and implement skills policies and systems for technical and vocational education and training (box 5.7).

### *Standards and qualifications*

*More and more countries have introduced competency standards and qualifications*

**268.** As part of their vocational training systems, more and more countries have introduced competency standards and qualifications. This reflects an overall shift within the region towards training that is more market-oriented and geared towards developing skills to comparable standards that employers will recognize. For this purpose, the ILO has supported regional training workshops – as in *Japan* and the

**Box 5.6. India's National Skills Development Policy**

*India's* 11th Year Plan (2007–12) aims to create a pool of skilled workers in line with employers' needs. The strategy includes: assessing skills deficits and time-bound actions through public–private partnerships; realigning existing public sector infrastructure; establishing a credible accreditation and certification system; developing sustainable funding for training; and repositioning employment exchanges as outreach points.

The process started with a national consultation jointly organized by the Ministry of Labour and Employment and the ILO, involving the Ministry of Human Resource Development and other line ministries: the Planning Commission; State governments; trade unions; employers' organizations; academics; training providers; United Nations agencies; training practitioners; and experts.

Committees provided inputs on: governance and the involvement of social partners; quality assurance; national qualification frameworks; the informal economy; equity and access; lifelong learning; and financing. To widen the range of options, the ILO organized the participation of external experts.

**Box 5.7. Technical and vocational education and training reform in Bangladesh**

Over the next five years, *Bangladesh* will spend more than \$120 million on an integrated programme of technical and vocational education and training (TVET) reform. The first major project is being implemented by the ILO. The TVET reform project has an ambitious programme of activities that deal with key systemic reform priorities across multiple levels of the system. These include: national policy, legislation and regulations; qualifications and curriculum reform; teacher training and institutional development; the improvement of access to key equity groups; and the strengthening of industry involvement.

The project is pursuing several key innovations, such as the recognition of prior learning and a new national qualifications framework to mainstream non-formal skills training into the TVET system. It is also incorporating OSH as part of the required skills competencies for apprentices.

The new policies, systems and programmes will be extended and complemented by two other major ADB- and World Bank-funded projects, which also involve the social partners in the ongoing programme of reform.

*Republic of Korea*, and technical cooperation projects in *Bangladesh*, *Indonesia*, *Iraq*, *Lao People's Democratic Republic*, *Papua New Guinea*, *Samoa*, *Sri Lanka*, *Timor-Leste* and *Viet Nam*. These countries have introduced competency-based training standards and helped constituents collaborate with industry to provide more effective training.

*Private sector*

**269.** Improving vocational training and workplace learning requires working more closely with the private sector. This is in line with the conclusions of the 2008 International Labour Conference, which called for the ILO to help constituents meet the diverse demands for skills development and workplace learning – while making more

effective use of social dialogue and collective bargaining. A number of technical cooperation projects, as in *Bangladesh, Indonesia, Lebanon* and *Timor-Leste*, have promoted more demand-oriented training and delivery by actively involving employers' associations, industry and private training providers.

**270.** Tripartite events have enabled both employers and trade unions to become more involved in the planning and delivery of skills development at national and enterprise levels. Among these events were regional tripartite technical meetings on: improving workplace learning in Asia and the Pacific (2007); issues in workplace learning in Asia and the Pacific (2008); and improving skills recognition, quality and qualification systems (2008). A regional workshop on public private partnerships to enhance and support skills development in ASEAN countries was held in 2009. As one follow-up, the ILO arranged for Mongolian officials to visit *Malaysia* and *Singapore* on a study tour – which has helped them develop a more market-oriented strategy for skills development. A similar opportunity was offered to Iraqi officials who visited model institutions in Eastern Europe, which undertook significant reform during the 1990s.

#### *Vulnerable groups*

*Enhancing the skills of vulnerable groups has been a major concern*

**271.** A major concern has been to enhance the skills of vulnerable groups, which include unemployed youth, rural workers and informal economy workers – of whom a large share are women and people with disabilities. These groups often have limited access to training, thereby contributing to a vicious cycle of low skills, low productivity and poverty. To assist such groups, the ILO has been further refining the Training for Rural Economic Empowerment (TREE) methodology through pilot projects. In some instances, TREE has been integrated into national anti-poverty programmes, as in *Sri Lanka*, or has provided the basis for rural development policy; whereas, in *Pakistan*, TREE was mainstreamed into the vocational training system through the Prime Minister's Programme on Skills Development. In these and other countries, the methodology has had quite a high success rate. In *Pakistan*, for example, 91 per cent of young women, and 76 per cent of young men, entered into either waged or self-employment after training. In the *Philippines*, the employment rate of those trained was about 95 per cent, and the average income of the beneficiaries increased by more than 25 per cent. In 2009, *Yemen* established a girls' training and education department in the Ministry of Technical and Vocational Education and Training (TVET). It has also carried out a media campaign targeting parents and teachers, aimed at increasing the participation of young women in TVET institutions. In *China*, the ILO has supported national and local labour authorities, employers and training providers in developing tailor-made vocational skills training programmes for young rural women and men and urban migrant workers, based on employers' demands and actual training needs.

#### *Informal economy*

**272.** Many countries have stepped up their efforts to support informal economy workers. In order to improve their productivity, the ILO has been helping governments devise appropriate methodologies and operational frameworks, and develop curricula and competency standards for occupations that are found predominantly in the informal economy. In *India*, for example, there have been innovative pilot schemes for domestic workers, and for those working in particular industries, such as the brassware industry in *Moradabad* and the glass industry in *Firozabad*. National trade union capacities have been built to address the needs of the informal economy workers, resulting in the inclusion of the informal economy as one of the priority areas for the trade unions. In *Bangladesh*, the Government has been exploring the possibility of having informal apprenticeships and prior learning incorporated into the vocational training system. In *Nepal*, major trade unions, with the support of the ILO–ACTRAV Norway Project, have been able to develop and strengthen unions of informal workers.



The General Federation of Nepalese Trade Unions (GEFONT) and the Nepal Trade Union Congress–Independent (NTUC–1) have been organizing workers in agriculture, home-based activities, porters and commercial shops, where large numbers of illiterate women are employed. In *Pakistan*, the ILO supported the development of the draft national policy on home-based workers. In *Indonesia*, the ILO has helped non-formal trainers to provide better, market-oriented vocational training, while also building linkages between formal and non-formal providers. In *Lebanon*, the ILO helped formalize the skills of construction workers, which involved revising the training curriculum and ensuring that the enrolment qualifications only required basic skills in reading and writing. In the *occupied Arab territories*, the ILO and the United Nations Relief and Works Agency (UNRWA) have been improving the skills and employability of those affected by the Israeli blockade of Gaza. In addressing challenges and decent work deficits in the informal economy, the ILO has worked closely with trade unions. The ILO has also conducted research on organizing strategies, methods and practices and published the outcome in 2007, which was followed by numerous workshops with trade unions in *Bangladesh, India, Mongolia, Malaysia, Nepal, Pakistan, Sri Lanka* and *Viet Nam*. A trade union manual for organizing informal workers was also developed in 2008.

### *People with disabilities*

**273.** Another priority has been to offer equal employment opportunities for people with disabilities. Progress has been especially notable in *China*, where the ILO provided guidelines that have resulted in an Employment Regulation. As well as supporting the rights of people with disabilities, the ILO has also been addressing the needs of those who care for them. These carers are generally women, who are rarely perceived as workers and who are underpaid or unpaid, overstretched and unequipped – especially when dealing with cases of severe disability. In Sichuan Province, the Red Cross–ILO Livelihoods Recovery Project has provided skills training support to people disabled in the earthquake and their family members to help them access new employment opportunities. In *Jordan* and *Lebanon*, where the issue had been highlighted through technical discussions and policy dialogue, the ILO has undertaken country assessments on the situation of informal and formal care workers. In the *Lao People's Democratic Republic* and *Thailand*, the ILO trained Ministry of Labour officials and others on managing employment service centres to make them more inclusive

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### **Profile H: China**

“My daughter is in college, I hope she can graduate from the university successfully.”

*Qing Hong, Beijing, China*

Qing Hong is working at Xinlian Dream office, a factory established more than four years ago by the Beijing branch of the China Disabled Persons' Federation. She makes Chinese knots in the factory and can earn about \$220 per month. Her right leg was amputated when she was five years old because of a serious illness.

Part of the medical insurance is provided for her by the factory, and she can afford her medical bills under the insurance. Although the income is not high, she is happy with her job and her colleagues in the factory. “My daughter is in college, I hope she can graduate from the university successfully.”

An ILO technical cooperation project on disability is at present being conducted in China, entitled “Promoting the employability and employment of people with disabilities through effective legislation”. An earlier phase of the project included support for the development of regulations for the implementation of the Act concerning the Employment of Persons with Disabilities. The law promotes equality and participation, and prohibits discrimination.

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and better suited for people with disabilities. Thai trade unions have also joined hands to support people with disabilities. An ILO workshop, held in April 2010, helped the national unions to take initiatives on disability and develop a plan of action to be implemented in companies where trade unions are active. In *Oman*, the ILO has been supporting the Government in three areas: at the legislative and policy level, by proposing improvements; by helping it expand service delivery through employment services and vocational assessments; and by advising on actual job placement.

#### *Public employment services*

*Future progress in enhancing employability will depend on the quality of public employment services*

**274.** Future progress in enhancing employability will depend on the quality of public employment services, which are particularly important in rapidly changing labour markets. Indeed, they offer services to both jobseekers and enterprises, help labour markets function smoothly, and provide information on labour market conditions and the needs for skills and training. Countries have, with ILO support, strengthened existing programmes or developed innovative ways of matching supply and demand – which have proved effective during the economic crisis. In Banda Aceh, *Indonesia*, after the tsunami, as in *Pakistan* after the earthquake, the Government successfully established emergency employment services centres with the support of the ILO. In *China*, ILO has helped national and local public employment service centres in developing a set of employment service guidelines to promote safe and orderly migration for young rural women and men. *Cambodia* is establishing for the first time a set of employment services, adapting ILO's technical training to this initiative. The Office has also provided advice on ways to develop the potential of private employment services to boost job-matching services, and to apply national policies to prevent human trafficking. In *Lebanon*, the ILO is supporting the revitalization of the National Employment Office (NEO) through an integrated approach, which includes capacity building, the establishment of new offices and the introduction of new services. In parallel the ILO is managing three employment offices targeting Palestinian refugees living in Lebanon.

#### *Regional networks*

**275.** Over the past five years, the ILO has connected skills specialists from governments, social partners and selected academia across the region. This has included developing a Regional Skills Network through the Asian Decent Work Decade knowledge network to share knowledge and experience. At a meeting in the *Republic of Korea* in 2008, partner organizations identified the priority issues, including skills shortages and gaps, qualifications and recognition, skills mismatches and workplace learning. They also agreed on a framework of cooperation and the sharing of resources, and highlighted the importance of the ILO as a technical and research agency in building connections and sharing international experiences. Since then there have been more than ten regional events. With funding from partner organizations, the Governments of *Japan*, *Republic of Korea* and *Thailand* have held national and regional workshops on competency standards and skills recognition for migrant workers, workplace learning, national skills strategies, and inclusive vocational training for disabled people.

#### *Skills recognition*

**276.** In this area, the ILO has, for example, supported ASEAN and Asia-Pacific Economic Cooperation (APEC) – undertaking research and participating in technical seminars and workshops on competency-based training and assessment, national qualification frameworks, skills recognition and public-private partnerships. To help improve communications between industry and training organizations, the ILO, in collaboration with the Government of the *Republic of Korea* and selected countries, has developed Regional Model Competency Standards that have been implemented in *Bangladesh*, *Indonesia*, *Lao People's Democratic Republic* and *Thailand*. These standards have helped

foster the mutual recognition of skills and qualifications within the region. As a result, a number of countries have used Regional Model Competency Standards in key sectors such as manufacturing, tourism, construction and agriculture.

### *Life skills*

**277.** Although many of the activities relate to specific vocational skills, the approach has been increasingly broadened to cover life skills and core work skills. In fast changing, knowledge-based working environments, people need to be sufficiently flexible to acquire, adapt, apply and transfer their knowledge to different contexts, and to respond independently and creatively. The ILO has supported the development of life skills and core work skills as building blocks for lifelong learning, particularly in employment programmes for youth. Activities in *Indonesia*, for example, have targeted young people in some of the most disadvantaged provinces and have integrated tools for career counselling and life skills into the TVET system. Similar activities have taken place in some provinces in *Viet Nam*. The *Philippines* has developed these tools as an integral part of SIYB competency standards. In China, the ILO CP-TING project has developed life skills training programmes to provide young girls with information on safe migration and gender equality. Moreover, under the MDG-F YEM project, the ILO has joined with several other United Nations agencies to develop a life skills training package for young migrant workers that can be used both by the agencies and national counterparts. The training package covers such topics as city life, finding a job, keeping healthy and building sound relationships. Also in *China*, the ILO collaborated with the Ministry of Human Resources and Social Security and vocational schools to integrate life skills, HIV-preventive education and reproductive health training into the curriculum. This programme covered an estimated 1 million vocational school students in a range of technical fields.

## Supporting green jobs

**278.** A society that wishes to preserve the environment for present and future generations, and to achieve a cleaner, more climate-resilient, efficient and competitive economy, will need to create green jobs. From the ILO's perspective, green jobs must have two main dimensions: environmental sustainability and decent work. The focus should be on decent green jobs. Unfortunately, many jobs in the nascent "green economy" are far from being decent – such as those in agriculture, construction, forestry, recycling and waste management, or the production of biomass energy. This work, most of which is in the informal economy, is often precarious, low paid and hazardous, offering workers little protection and few rights. Nevertheless, there are already millions of green jobs that are moving in the right direction – in renewable energy, retrofitting of existing built stocks, mass transportation, wastewater management, conservation – and there is potential for creating more green jobs in energy; in industries such as steel, aluminium, cement or paper; in recycling, refurbishment and remanufacturing; and in sustainable agriculture, fisheries and forestry.

### *Green Jobs Initiative*

**279.** In November 2007, in response to global concerns about climate change, the ILO launched the "Green Jobs Initiative". In collaboration with UNIDO, ESCAP, UNEP, UNDP and other partners, the Office has organized a number of events, including the First Research Conference on Green Jobs in Asia and the Pacific in *Japan* in 2008; the International Green Industry Conference in the *Philippines* in 2009; and the Pacific Conference on the Human Face of the Global Economic Crisis, in *Vanuatu*, in 2010. In particular, an ILO training course on green jobs was arranged in Bangkok in

December 2009 for trade unions in Asia, in order to launch a wider action and campaign for environment-friendly workplaces.

**280.** The ILO has also been collaborating with a number of United Nations agencies and partners to produce research and reports, including: *Green jobs: Towards decent work in a sustainable, low-carbon world*; and the five-yearly *State of the Environment Report*. These incorporate the results of macroeconomic research on environment–economy–employment linkages and the potential for creating green jobs, notably in *Bangladesh* and *China*. In *Pakistan*, green jobs have been made part of the “One UN” Joint Programme on Environment. Collaboration with the UNDP in *Lebanon* has resulted in a joint research project to assess potential for green jobs in key economic sectors, namely energy, waste management and construction. In addition, a number of countries in the region are participating in an effort led by the ILO to assess the skills needed for green jobs and to share the information with other regions.

#### *Demonstration projects*

*Demonstration projects have incorporated the principle of green jobs*

**281.** Demonstration projects in *Bangladesh*, *China*, *India*, *Indonesia* and the *Philippines* (box 5.8) have incorporated the principle of green jobs into existing ILO programmes and strategies such as SIYB, Get Ahead, and value chain analysis. In *Bangladesh*, for example, this has involved a public–private partnership between the ILO, the Bureau for Education, Manpower and Training and the NGO Grameen Shakti, for a vocational training course for rural, mainly female, solar technicians. In *Fiji*, the ILO’s participatory occupational safety and health training methodologies have been widely applied in the case of waste collection workers, managers, and representatives of communities and local government, to establish safe and efficient waste management systems.

**282.** The region is already seeing the results of a green jobs strategy. In *China*, the Academy for Social Sciences has taken a prominent role in producing and releasing estimates on the creation of green jobs. In response to the global economic crisis, a number of member States in Asia and the Pacific have launched “green stimulus packages” – as in *Indonesia*, *Japan*, *Republic of Korea* and *Thailand*. These aim at generating millions of green jobs, while laying the foundations for a low-carbon future – particularly in power generation, energy efficiency, sustainable buildings, sustainable transport, waste management and wastewater treatment.

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#### *Profile I: Timor-Leste*

“This project should train us to take care of our health and our environment.”

*Cecilia Araujo, 24 years of age, Caicole, Timor-Leste*

Cecilia Araujo is a young mother with four children. Her situation became very difficult after the 2006 crisis in Timor-Leste. She was at first recognized as a displaced person with a right to recuperation aid from the government. But this aid has now stopped. Cecilia and her husband are now basically jobless, although Cecilia sometimes makes a little money working part time as a housekeeper.

When the Caicole local authority announced that the Secretariat of State of Vocational Training and Employment (SEFOPE) and the ILO, with support from the Australian Agency for International Development (AusAID), were planning to implement work activity for the local community in their district, Cecilia and her friends were very happy and decided to join in immediately.

Cecilia is involved in road cleaning. She and 20 of her friends are carrying out activities such as grass cutting, sweeping the roads and garbage collection. They earn \$2 per day for this work, and the activities also aim to prevent flooding, which may occur in the rainy season. For Cecilia, this work will be an extra income opportunity to support her family, which consists of her husband and four children – especially to

### Box 5.8. Pilot country projects on green jobs

The ILO is assisting the social partners with projects that combine research, training and technical cooperation. These include:

- *Bangladesh* – The ILO has partnered with the Ministry of Labour and Employment and two NGOs, Waste Concern and Grameen Shakti, in carrying out green jobs-related activities. The partners organized a national, multi-stakeholder workshop, as a result of which the Ministry developed a strategy to promote green jobs, centred on research, training and capacity building. A public–private partnership was established between the Bureau of Manpower, Education and Training, the ILO and Grameen Shakti, to promote skills development in the renewable energy sector, particularly in the field of solar electricity.
- *China* – Pilot interventions were carried out in partnership with the Ministry of Human Resources and Social Security and the China Academy of Social Sciences. They included research on carbon intensity in agriculture, forestry, energy, transport and construction. Building on the highly successful ILO SIYB training package, and working with the World Resources Institute, a Green Business Options (GBO) training module was developed to help potential entrepreneurs apply green business concepts. Training was carried out in 20 institutions targeting youth and others affected by the global economic crisis.
- *India* – The pilot interventions have been facilitated by partnerships with the Ministry of Labour and Employment and the TARA Livelihood Academy, with the involvement of the social partners. A key achievement has been the establishment of a Multi-stakeholder Taskforce on Green Jobs and Climate Change, which will address the employment and labour market consequences of moving towards a more environmentally sustainable path. One important research activity will be to identify and classify green jobs in the National Rural Employment Guarantee Scheme.
- *Indonesia* – There have been several studies on green jobs and a national awareness-raising workshop, which should lead to the launch of a national green jobs programme with the involvement of the tripartite constituents. In East Java, as part of local economic development, the ILO has been involved in a biogas project and in creating a greener tourism master plan.
- *Philippines* – The ILO supports a pilot project for Climate-Resilient Farming Communities in Agusan del Norte, which is helping vulnerable populations cope in the event of climate change-related disasters, as well as improving their socio-economic conditions, especially through diversified livelihoods schemes. Risk-transfer mechanisms, such as revolving funds and innovative insurance schemes, are expected to help develop resilience.
- *Lebanon* – The ILO has partnered with the UNDP in carrying out a study on the potential for green jobs in Lebanon. The study aims to assess this potential in key economic sectors, namely: energy, construction, and waste management. A workshop is planned for early 2011 to present the key findings of the study to a broad spectrum of stakeholders and raise national awareness of green jobs. In parallel, the ILO, as part of local development, is embarking on a project to support the government's efforts to promote solar energy through developing the required skills and improving access to the labour market.
- In the Occupied Palestinian Territory (Gaza Strip), The ILO and UNRWA are promoting the use of locally manufactured, environmentally friendly compressed earth blocks for reconstruction, and are providing training to enable local people to find work in construction. The ILO has also partnered with the Sharek Youth Forum to establish a training centre to provide a stimulus to young entrepreneurs to identify green business start-ups in non-traditional sectors.

pay for the children's basic needs such as milk and clothes. Cecilia argues that \$2 per day is not enough to sustain their daily life. But she says that the value of the money is significant, because she will work for 30 days, which means that she will make a total of \$60.

Cecilia and her group of friends hope that there will be sustained community work activity in their area. She believes that the activity and work methods will improve their knowledge and encourage people – especially the young – to pay more attention to health and environmental issues. She says: “This project is very useful, and should train us to take care of our health and our environment.”

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## Improving labour market information and analysis

*Policy-makers will need sound labour market information and analysis*

**283.** If policy-makers are to design and evaluate policies and programmes to help boost competitiveness, productivity and job creation, they will need sound labour market information and analysis (LMIA). This should include data on employment and unemployment, jobseekers and vacancies, skills and working conditions, and wages and salaries. The information must be reliable, up to date, and include gender- and age-specific labour market statistics, and be based on international definitions and standards. The global economic crisis has highlighted the importance of timely LMIA for making rapid and appropriate responses.

**284.** To support national capacity building in LMIA, the ILO has developed various tools, including technical guidelines on decent work indicators and provided technical training and capacity building on LMIA to constituents (box 5.9). In addition, development of national *Labour and Social Trends* reports involved tripartite consultations in the report design and review process.

### *Labour force surveys (LFS)*

**285.** Labour market information is generated primarily from regular household-based labour LFS, and some countries without a regular LFS have carried out individual surveys – as in, *Lebanon, Nepal, Timor-Leste* and *Yemen*. In addition, some countries have implemented other special surveys: *Bangladesh*, for example, has conducted an establishment-based, national occupational wage survey, and in *Viet Nam* the Chamber of Commerce and Industry has conducted a survey on minimum wages. The ILO has provided technical assistance to national statistical offices and tripartite constituents on survey and sample design, as well as data processing and analysis, ensuring that the surveys used international standards and methodologies and collected full age- and gender-disaggregated data.

### *Labour market analysis*

**286.** Member States have used these data as the basis of extensive labour market analysis. In *Timor-Leste*, the Department of Labour Market Information has published a Labour Market Information Bulletin. In *Pakistan*, a national tripartite plus advisory panel has guided the production of *Pakistan Employment Trends* reports from 2007 to 2010, covering skills, women, youth, MDG target 1B and other employment themes. Other countries have developed their first series of national *Labour and Social Trends* reports – as in *Cambodia* (2010), *Indonesia* (2008 and 2009), *Nepal* (2010), *Sri Lanka* (2009) and *Viet Nam* (2009–10). The reports analyse trends since 2000, investigate the impact of the global economic crisis in 2009, and discuss key priorities for the Asian Decent Work Decade. For these reports, the ILO has provided technical guidance while building national capacity and ensuring tripartite engagement in their design and review. The ILO has supported the networking of trade unions and research institutions – as in *India* with the Indian Labour Research Network in 2006 – in order to

### Box 5.9. Technical cooperation to enhance labour market information and analysis

The ILO has supported a number of activities in the region to improve labour market information and analysis.

- *Pakistan* – The Ministry of Labour and Manpower has established a LMIA unit to analyse labour market information, gathered from both the federal and provincial levels, for programme design, employment policies, and manpower planning and development. The ILO supported this through the ILO–UNDP LMIA project (2007–09), and provided technical assistance and training.
- *Viet Nam* – The ILO–EC project, “Better information for creating jobs and developing skills in Viet Nam”, has helped establish a new Labour Market Information Centre supporting the development of physical information technology and operational infrastructure, while providing on-site capacity building on survey design, LMIA concepts, and computational methodologies and analysis.
- *Yemen* – The joint ILO–UNDP project, “Support to the Ministry of Social Affairs and Labour in labour market information and employment policy”, is assisting in the implementation of the National Employment Strategy and its Action Plan, which were developed with ILO technical support. It contributes to the improvement of the capacity, of the LMIA unit, established at the Ministry of Labour, in data collection and analysis.

The ILO–EC “Monitoring and assessing progress on decent work” project in *Bangladesh*, *Cambodia* and *Indonesia* has been working not only with Ministries of Labour and national statistical offices, but also with workers’ and employers’ organizations and research institutions to strengthen the national capacity to analyse, monitor and assess decent work indicators.

exchange information on labour issues and research outcomes, and initiate joint research activities. Furthermore, the ILO has assisted *Bangladesh* and *Indonesia* in identifying national decent work indicators that will be monitored and analysed in the development of decent work country profiles.

#### Planning frameworks

**287.** An increasing number of member States are including labour market information and analysis in the design of national policy frameworks, as well as in the design, monitoring and evaluation of DWCPs. *Indonesia*, for instance, has included key issues such as decent and productive employment for youth in its Medium-Term Development Plan (2010–15), using data from *Labour and Social Trends 2008*. Indonesia’s Ministry of Planning has also incorporated ILO labour market data and analysis in its MDG reports (2007 and 2008) – particularly on the target 1B indicators related to productive employment. *Nepal* has used the results from a 2008 national labour force survey for a development constraints diagnostic study undertaken in conjunction with the ADB, DFID and ILO. Nepal is also expected to use analyses from the *Labour and Social Trends in Nepal 2010* report in the development of its next Three-Year Interim Plan (2010–13).

#### Sound data base for designing Decent Work Country Programmes

**288.** In the Pacific region, the national tripartite constituents in *Fiji*, *Kiribati*, *Marshall Islands*, *Papua New Guinea*, *Samoa*, *Solomon Islands*, *Tuvalu* and *Vanuatu*

have all developed their respective DWCPs based on the ILO's analyses of labour market trends and scenarios. *Bangladesh* based its review of the DWCP (2006–09) on surveys of child labour implemented with ILO technical and financial assistance. Among Arab States, *Jordan*, *Syrian Arab Republic* and *Yemen*, for example, have used LMIA to design and monitor their DWCPs.

#### *International organizations*

**289.** The ILO has worked closely with multilateral agencies and strategic partners, notably the ADB, ASEAN, ESCAP, OECD and UNDP. The ILO has assisted these agencies in the monitoring and analysis of the labour market impacts of the global economic crisis, and has provided them with technical guidance on the measurement of “working poverty” within the framework of the first MDG. Together with the ADB, the ILO developed survey instruments to monitor the crisis impact on workers and enterprises – for example in the automotive industry in *Thailand* and the garment manufacturing sector in *Cambodia* – and analysed household impacts and coping strategies.

**290.** As part of the closer cooperation between the ILO and other organizations, regional and multilateral agencies have increasingly used ILO data in their research and publications. ESCAP, ADB and UNDP did so, for instance, in the *Asia–Pacific MDG 2009* report which argued for productive employment and extending social protection. ESCAP has also used ILO monitoring and analysis of the crisis in the *Economic and Social Survey of Asia and the Pacific 2009*. The ILO collaborated in 2007 with the ESCWA, UNDP and other international organizations in the preparation of the second regional report, *The Millennium Development Goals in the Arab Region 2007: A youth lens*. These and other reports have been widely quoted in the national and international media.



## Chapter 6

### Improving labour market governance

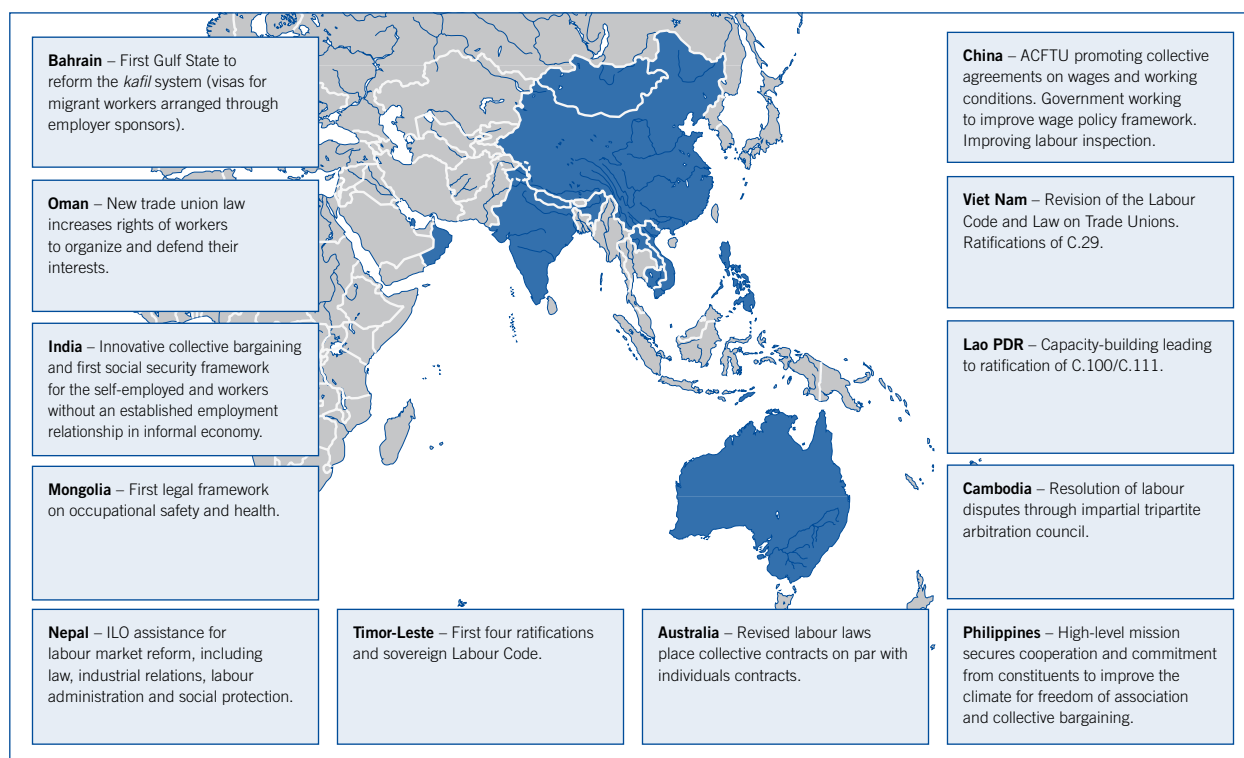
**291.** Labour market governance includes the policies, norms, laws, regulations, institutions, machinery and processes by which authority is exercised over labour market transactions, with a view to pursuing social justice in a sustainable business environment. An integral part of labour market governance is the relationship between employers and workers and their freedom to organize themselves and bargain collectively. Labour market reform thus implies reviewing the elements of labour market governance to ensure that all partners perceive the outcomes as efficient, equitable and fair.

*An integral part of labour market governance is the relationship between employers and workers*

### ILO strategy

**292.** The ILO's strategy in this area includes: promoting international labour standards based on respect for fundamental principles and rights at work; strengthening systems of labour administration and labour inspection, as well as machinery for collective bargaining, labour dispute prevention and settlement; reviewing labour laws and social policies with a view to balancing business flexibility and employment security; developing mechanisms for labour–management cooperation and bipartite partnership; and, throughout all these activities, promoting gender equality.

**Figure 6.1. Snapshot of ILO support for labour market governance**



**Box 6.1. Better working conditions lead to higher sales for the garment industry in Cambodia**

As a result of improving garment factory conditions, *Cambodia* has not only supported workers' rights but also achieved a competitive advantage. Since 2001, the ILO Better Factories Cambodia programme has combined an assessment of working conditions with remediation and training activities to achieve a continuous cycle of improvements. Nearly all the factories assessed are now paying correct wages and overtime rates, while 97 per cent offer paid annual leave, and 90 per cent accept that overtime should be voluntary. There has also been progress in industrial relations in the garment sector, as demonstrated by a bipartite sectoral agreement on collective bargaining, use of strikes as a last resort, and binding arbitration.

For some retailers and brands, better labour conditions and industrial relations are important arguments for sourcing garment products from Cambodia. A World Bank survey of international buyers in 2004 cited compliance with labour standards as one of the most important elements in their decision to source their product from Cambodia, and attributed this to the independent monitoring system developed and implemented by the programme.

Between 2001 and 2008, Cambodia's garment sector grew significantly from approximately 120,000 to 350,000 workers. Better Factories Cambodia thus represents a convergence of the common interests of the garment industry, international buyers and the desires of consumers for sweatshop-free products. The ILO-IFC Better Work Programme has recently launched similar initiatives in Haiti, Jordan and Viet Nam.

**293.** These objectives are pursued through a range of interventions: technical advisory services and workshops to promote international labour standards and review labour legislation; international and regional experts to design new policies, deliver training and capacity building for the tripartite partners to improve dispute prevention and settlement machinery; study tours and other means of sharing experience and good practice; and pilot programmes at enterprise level to show how labour management cooperation can work in practice. The portfolio of technical cooperation projects often supports all these efforts. In this regard, an innovative technical cooperation project is being implemented in partnership between the ILO and the IFC of the World Bank Group – Better Work, a global programme that aims to improve compliance with international labour standards and competitiveness in the global supply chain. The Better Work programme is an intrinsic component of the ILO strategy to improve labour market governance, as it is designed to support and complement related objectives such as strengthening labour inspection and administration and promoting healthy industrial relations. The project was inspired by earlier ILO experience with child labour monitoring at the workplace level, and particularly by the more recent Better Factories Cambodia Programme (see box 6.1).<sup>68</sup>

## International labour standards

**294.** Despite progress since 2006, progress in the ratification of international labour standards has been modest. Globally, ILO member States have on average ratified 42 Conventions, while member States in Asia and the Pacific have on average rati-

<sup>68</sup> For more information, visit the Better Work website at [www.betterwork.org/EN/Pages/index.aspx](http://www.betterwork.org/EN/Pages/index.aspx).

fied 22 – and those in the Arab States 26. Pacific Island countries on average have ratified only 11. These averages often include outdated Conventions.

**295.** Since 1995, the Office has pursued a global campaign for the ratification of the eight fundamental Conventions, and it has set 2015 as the target date for universal ratification. Worldwide, over 70 per cent of ILO member States have already achieved this target, compared with under one-third of countries in Asia and the Pacific and less than one-fifth of the Arab States (see figures 6.2 and 6.3). As figure 6.2 shows, over 75 per cent of the ratifications that are needed to achieve universal ratification will have to come from Asia and the Pacific or the Arab States. The sections below indicate some of the most significant trends.

**296.** *Freedom of association and collective bargaining* – Since the last Asian Regional Meeting there has been modest progress. *Samoa* and *Timor-Leste* ratified both the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1958 (No. 98), in 2008 and 2009, respectively. Of the 44 countries in Asia and the Pacific and the Arab States, 19 have ratified Convention No. 87, while 25 have ratified Convention No. 98. Only three out of 11 Arab States have ratified Convention No. 87. In *India*, *Malaysia*, *Nepal*, *Thailand* and *Viet Nam*, national trade unions are waging a campaign for the ratification of both Conventions, supported by the international trade union movement. In 2009, with the cooperation of the International Trade Union Confederation for Asia and the Pacific (ITUC–Asia–Pacific), the ILO launched a campaign for the ratification of fundamental Conventions – in particular Conventions Nos 87 and 98. A regional conference was held in *Malaysia*, where the participating trade union organizations resolved to target ratification campaigns in five countries: *Nepal*, *India*, *Malaysia*, *Thailand* and *Viet Nam*. Subsequently a conference with all national trade union federations was held in *India* in 2010. As a result of the conference, there have been consultations between the Government of *India* and the ILO for joint action on working towards the ratification of Conventions relating to freedom of association, the right to collective bargaining and child labour. Similarly, in *Thailand*, trade unions have increased action towards the ratification of the core Conventions. Following the conference in *Malaysia* and after discussions with the Government of *Malaysia*, the Malaysian Trade Union Congress has entered into dialogue with the social partners, with a view to overhauling the labour law and ratifying Convention No. 87. The Malaysian Government has also relaxed laws on union organizing in the electronics industry.

**297.** *Forced labour* – The Forced Labour Convention, 1930 (No. 29), and the Abolition of Forced Labour Convention, 1957 (No. 105), are fast approaching universal ratification – but two of the 21 ratifications needed to achieve this are in member States in Asia and the Pacific. The ILO has provided technical assistance to raise awareness of these standards and related abuses, such as trafficking, labour

**Figure 6.2.** Remaining ratifications of eight fundamental conventions, by world region

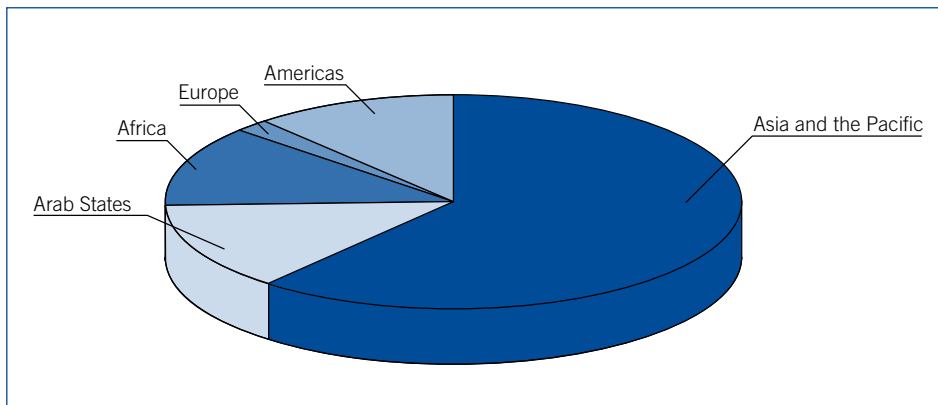
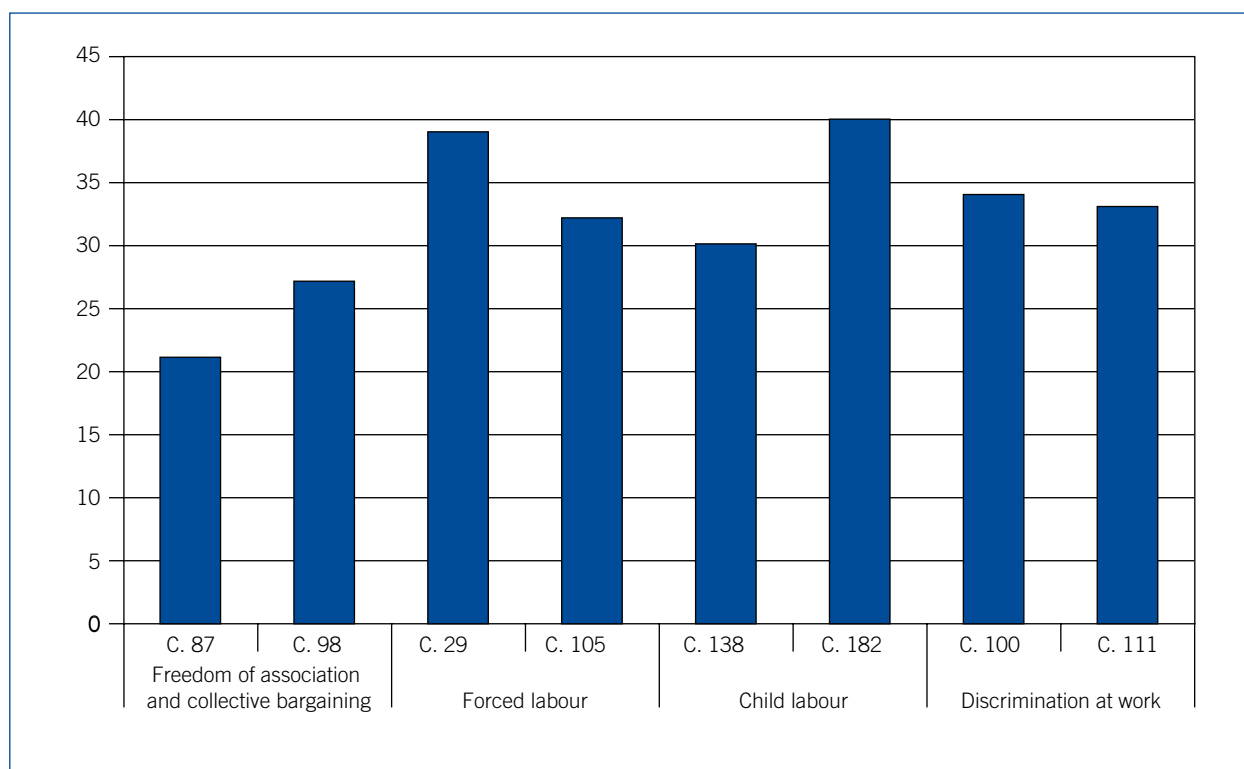


Figure 6.3. Ratifications of fundamental ILO Conventions in Asia and the Pacific



exploitation, debt bondage, and ill treatment of migrant workers. In *Timor-Leste* and *Viet Nam*, this assistance has contributed to the ratification of Convention No. 29. In *China*, ILO assistance has contributed to ratification of the Palermo Protocol on trafficking, the inclusion of safeguards against forced labour in China's landmark Labour Contract Law adopted in 2007, and a code of practice adopted by the China Enterprise Confederation.

*Some of the most serious concerns are in Myanmar*

**298.** Some of the most serious concerns are in *Myanmar*. A 2000 Conference resolution requiring that all ILO activity in the country be focused on eradicating forced labour remains in force. The Government is cooperating on awareness raising and training activity, and is responding to complaints submitted under the Supplementary Understanding between the ILO and the Government of *Myanmar*, which was extended for one year in January 2010. However, complaints continue to be received alleging forced portering for the military, forced cropping, forced labour on secondary infrastructure and forced underage military recruitment. Following elections in November 2010, a parliamentary system is being put into place. The Government has indicated its intention to introduce new legislation into Parliament, which will transpose the Constitutional provisions concerning forced labour and the right of workers' representation into law; the draft legislation will also address the Government's obligations under Conventions Nos 29 and 87, which it has ratified. Concern remains about the continued imprisonment of a number of persons who have complained of being subjected to forced labour, or who have been associated with such complaints, and the continued imprisonment of labour activists.

**299.** Given the conditions in Myanmar, millions of people have crossed the border into *Thailand* in search of improved livelihoods. In the border town of Mae Sot, young migrants – including many children – are reported to be toiling in garment sweatshops. Despite Thailand's ratifications of Conventions Nos 29, 182 and 138, research by the ILO–IPEC Mekong Project to Combat Trafficking in Children and Women has revealed gross violations of labour and human rights involving children and adults. Exploitative conditions – involving mainly undocumented migrant chil-

dren and adults from Myanmar – have been witnessed in the Thai fishing and seafood-processing industries. The Project concluded that much of the exploitation could be attributed to the readily available workforce, rather than to a deficit of other workers. Abuse of young migrant “domestic workers”, again often undocumented and without any formal social protection, has also been discovered. A lack of documentation, alongside lax labour inspection in various sectors, has resulted in widespread exploitation.<sup>69</sup>

**300.** It is believed that millions of South Asians (in *Bangladesh, India, Nepal* and *Pakistan*) are trapped in extreme poverty as bonded labourers. Bonded labour is a system that is rooted in dysfunctional labour markets, underdeveloped credit markets, deeply entrenched social exclusion and poor rights awareness. Bonded labourers are forced to work for little or no wages because their employer retains their earnings to pay for outstanding debts. These labourers mostly work in agriculture, mining and gem polishing, brick kilns, carpets and textiles, as well as in domestic service. In the past decade, the Office has provided assistance in several areas critical to lifting workers out of bonded labour and preventing them from falling into the debt trap: introducing microfinance schemes; establishing self-help groups among victims of bonded labour; raising awareness among decision-makers and academia; and assisting lawyers with arguing bonded labour cases before the courts. The denial of bonded labour as a form of forced labour and a reluctance to survey bonded labour using appropriate statistical methods continue to hamper progress in eradicating this scourge.

*The Office has provided assistance in several areas critical to lifting workers out of bonded labour*

**301.** *Discrimination at work* – Following the 1998 Declaration on Fundamental Principles and Rights at Work, ratifications of the Equal Remuneration Convention, 1951 (No. 100), and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), picked up significantly. But this effort has not been sustained since the 2006 Asian Regional Meeting. The more developed economies – including high- and middle-income economies in ASEAN – apparently find it difficult to sustain progress, even though these countries normally have the most to gain from ensuring that decisions on recruitment, wages or job security are free from discrimination. All the Arab States have ratified Convention No. 111, except for *Oman*. The *Lao People’s Democratic Republic* ratified Conventions Nos 100 and 111 in 2008. *China* ratified Convention No. 111 in 2006; since then, the ILO has provided technical assistance to help this country address discrimination against women, rural migrant workers and persons living with disabilities and other health issues, as well as ethnic minorities. In 2007, *China* introduced the Employment Promotion Law to outlaw various forms of workplace discrimination (including, for example, maternity discrimination), and the Labour Contract Law that laid the foundation for banning discrimination against temporary workers and other vulnerable groups.

**302.** *Governance Conventions* – Since the last Asian Regional Meeting, the ILO has started to provide technical assistance on the Conventions that lay down the minimum prerequisites for ensuring that labour markets deliver decent work. These cover three areas: the coordination of all economic policies leading to higher standards of living through full, productive and freely chosen employment; tripartite consultations; and effective labour inspection services. This has, for example, facilitated the ratification of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), by *Afghanistan, Lao People’s Democratic Republic, Singapore* and *Viet Nam*, and also helped *China* and *Mongolia* review labour inspection services in line with the Labour Inspection Convention, 1947 (No. 81), and the Labour Inspection (Agriculture) Convention, 1969 (No. 129). Within the framework of the ratification campaign launched by the Director-General in June 2009, and the

<sup>69</sup> ILO: *Meeting the challenge: Proven practices for human trafficking prevention in the Greater Mekong Subregion* (Bangkok, 2008); ILO: *The Mekong challenge: Underpaid, overworked and overlooked: The realities of young migrant workers in Thailand*, Vol. I (Bangkok, 2006); ILO: *The Mekong challenge: Working day and night: The plight of migrant child workers in Mae Sot, Thailand* (Bangkok, 2006).

Plan of Action to achieve widespread ratification and effective implementation of the Governance Conventions which was adopted by the November 2009 session of the Governing Body, certain countries have recently provided information to the Governing Body on positive prospects for ratification of the governance Conventions. This is the case, for instance, with regard to *China* in relation to Conventions Nos 81 and 129, *Indonesia* in relation to Convention No. 122, and *Jordan* in relation to Convention No. 129. Renewed efforts to ratify and apply the governance Conventions are needed to close the gap with the rest of the world, notably in ASEAN where countries have registered 12 out of a possible 40 ratifications for all four Conventions, and only three in the last 15 years; in the Pacific Islands and the Arab States as regards Conventions Nos 122 and 144; and in South Asia as regards Convention No. 122.

**303. Technical standards** – Since the last Asian Regional Meeting, member States in Asia and the Pacific have registered 21 ratifications of technical Conventions, around half of which were accounted for by member States in the Pacific (*Fiji*, *Kiribati* and *Samoa*) and *Timor-Leste*. This figure is lower than the total number of ratifications of fundamental Conventions during the period. The low level and slow pace of ratification overall suggests that member States in Asia and the Pacific must do more to ensure that their efforts to realize all four decent work objectives are tangibly governed by international standards, as foreseen in the ILO Declaration on Social Justice for a Fair Globalization (2008). Interest in international labour standards on occupational safety health shows an upward trend. In recent years, *Bahrain*, *China*, *Fiji*, *Republic of Korea*, *New Zealand* and the *Syrian Arab Republic* have ratified the Occupational Safety and Health Convention, 1981 (No. 155), while *India*, *Philippines* and *Sri Lanka* are considering ratification. The *Syrian Arab Republic* has also ratified the 2002 Protocol to Convention No. 155. *Japan* and the *Republic of Korea* have ratified the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187), while *Mongolia*, *Philippines* and *Singapore* are considering ratification of Convention No. 187. To review ratification records on other standards, advantage should be taken of the ILO's assistance, which is increasingly sought in wage policy and social security. No new ratification of either the Protection of Wages Convention, 1949 (No. 95), or the Minimum Wage Fixing Convention, 1970 (No. 131), has been registered since the last Asian Regional Meeting. The Governing Body had endorsed these up to date Conventions, given the limited number of total ratifications – six ratifications of Convention No. 95 (none by the OECD economies), and four ratifications of Convention No. 131.

*Labour law must reflect the social, political and economic dimensions of the labour market*

**304. Labour law trends** – Labour law must reflect the social, political and economic dimensions of the labour market and reconcile the diverging interests of its actors – securing minimum decent work standards with a view to eradicating poverty; creating space for social dialogue within which employers and workers may pursue a fair sharing of the wealth jointly produced; providing a stable environment in which businesses can operate flexibly; and enabling governments to govern labour markets effectively in the public interest. Since the last Asian Regional Meeting, the majority of member States across the region have introduced labour laws and made significant changes to existing laws – or are undertaking significant labour law reforms. This increased labour law activity has, however, generally focused on minimum labour standards, while paying less attention to the need to strengthen labour relations frameworks. Nor have legislators paid sufficient attention to the growth of temporary work, which can erode decent working conditions and undo efforts to improve statutory labour standards.

**305. National labour law reform** – A number of countries are undertaking labour law reform in a comprehensive manner – reviewing minimum standards of employment protection, as well as strengthening labour relations frameworks that can gradually improve these standards in line with local requirements of flexibility and

security. In *Viet Nam*, the Office is assisting with a revision of the Law on Trade Unions and a revision of the Labour Code in areas such as industrial relations, employment contracts, employment promotion, child labour, non-discrimination and labour inspection. Assistance is also ongoing with the development of separate legislation on the rights of persons with disabilities. In *Cambodia*, the Office is supporting the Government and social partners in developing new trade union legislation, including facilitating a tripartite consultation process. In *Mongolia*, the Office is assisting the constituents in analysing current legislation and defining the scope of a future revision. In *Nepal*, the process of labour law reform envisages amendments to the Labour Act, the Trade Union Act and the Social Security Act; with the facilitation of the ILO, the social partners have already agreed on the vast majority of the provisions. Between 1998 and 2004, *Indonesia*, with the Office's assistance, adopted a series of labour laws dealing with trade unions and industrial relations, minimum labour standards, protection of migrant workers, and social security. In *Pakistan*, the Office is supporting the Government and social partners in the labour law reform process, including the revision of the Industrial Relations Act and the Employment and Service Conditions Act. In 2007, *Fiji* passed the Employment Relations Promulgation. Throughout, the Office was involved in this comprehensive process of consolidating and modernizing labour law, and establishing minimum labour standards in areas such as employment contracts, child labour, and the protection of wages and hours of work. It also provided a legal framework for the elimination of workplace discrimination, and introduced a similar framework for labour relations and labour dispute settlement. In *Oman*, the Government has adopted new legislation on freedom of association, replacing worker representation committees with a more fully fledged right to organize, while in *Jordan* draft legislation has been adopted by Cabinet but not yet the Parliament.

**306.** A number of other countries have focused their attention on codifying labour law – sometimes for the first time, and often with a view to aligning the law with ratified Conventions or facilitating new ratifications. In 2008, the Government of the *Maldives* introduced a new Constitution, which recognized for the first time workers' rights to organize and strike; it also adopted a new Employment Act before joining the ILO in 2009. In the same year, *Brunei Darussalam* – an ILO member State since 2007 – replaced the pre-independence labour law with an Employment Order and a Workplace Safety and Health Order, with a view to aligning the law with international standards. In *Timor-Leste*, the Office is helping the authorities revise and expand the Labour Law promulgated by the United Nations Transitional Authority in 2002, in order to provide governance in key areas such as labour relations; the employment relationship; labour administration and minimum wage fixing; occupational safety and health; and labour inspection. Similarly, in *Samoa*, stakeholders are debating a Labour and Employment Bill that will update the Labour and Employment Act of 1972, and generally bring labour law in line with the eight ratified fundamental ILO Conventions. In *Vanuatu*, a new Employment Relations Bill, a Workers' Compensation Bill, and an Occupational Safety and Health Bill have been drafted and are undergoing tripartite discussion. Office assistance on labour law for *Kiribati*, *Papua New Guinea*, *Samoa* and *Vanuatu* is being strengthened with the assistance of the Australian Government. New draft labour laws are under review, for example, in *Iraq*, *Lebanon*, *Qatar*, *United Arab Emirates* and *Yemen*.

**307.** Other countries have revised their Labour Codes with help from the Office. In 2006, the Office assisted the Government of the *Lao People's Democratic Republic* with the revision of its Labour Law, which, inter alia, removed restrictions on the employment of women workers. In 2008, this same country revised its Trade Union Law. Following more than 14 years of consultation involving the Office, the Government of *Bangladesh* consolidated 25 Acts and Ordinances into a single Labour Law in 2006. New or revised labour laws were also passed in *Fiji* in 2007, in *Afghanistan* in 2008, and *Kuwait* in 2009. In the *Syrian Arab Republic*, the laws are awaiting approval.

**308. *Employment contracts*** – Labour law reform can only succeed in creating decent working conditions and improving standards of living if employment relationships are recognized as such and sustained. This consideration is leading some countries to establish minimum rules for creating or terminating employment contracts. For example, in *China* in 2007, the Government passed landmark laws: the Labour Contract Law, which, among other things, protects the more than 150 million rural migrant workers in the manufacturing or construction sites of the coastal areas; the Employment Promotion Law, which outlaws various forms of job discrimination; and the Law on Mediation and Arbitration of Labour Disputes. The Office has provided support in the process and is now assisting the Government with various aspects of their application – on fair employment, for instance.

*A contractual relationship should allow workers to change employers*

**309.** A contractual relationship should allow workers to change employers – otherwise workers will be vulnerable to forced labour or discrimination. Governments in the Arab States are beginning to reform the “sponsorship system”, or *kafil*, which implies that migrant workers cannot change employment without the approval of their sponsoring employer. In 2009, *Bahrain* became the first country in the region to allow employees to change employers – though this does not cover around 70,000 migrant domestic workers.

**310.** Another safeguard should be restrictions on the use of fixed-term contracts for non-temporary work. These restrictions protect workers against dismissal for reasons unrelated to the capacity of the worker or the requirements of the undertaking, and in particular against discriminatory treatment on grounds such as maternity or union membership. *China*, for example, through the Labour Contract Law, has restricted recourse to fixed-term contracts, and many other countries in the region have taken similar action, either by statutory law or by case law. In *Cambodia*, the Office is assisting the Government with reviewing relevant provisions in the Labour Law. In other countries, such as *Viet Nam* and *Indonesia*, the same issue is emerging in the context of labour law reform.

**311.** Some governments, in response to the needs of enterprises, have introduced laws that legitimize temporary work under certain conditions, while establishing minimum standards of protection. In a number of countries, the situation of temporary workers – and in particular their lack of protection or representation – has refocused public debate on growing inequality and working poverty, and is leading to reviews of legislative frameworks. The *Republic of Korea* and *Japan* have some of the largest temporary workforces in the industrialized world. Dispatch work has also been increasing significantly in *China*, usually involving a triangular relationship between employees, staffing agencies and corporate users. In 2009 and 2010, the Office helped the Ministry of Human Resources and Social Security develop a regulatory framework for dispatch work. As a labour market phenomenon, temporary work encompasses all work that is obtained through contractual arrangements other than the typical employment contract concluded for an indefinite duration between an employer and an employee and for full-time performance. As such, temporary work may involve recourse to fixed-term contracts, part-time contracts or triangular employment relationships involving employment agencies.

*Wage growth has often fallen behind labour productivity growth and wage inequality is widening*

**312. *Minimum wages and wage fixing*** – In recent years, wage growth has often fallen behind labour productivity growth and wage inequality is widening. The results of these developments have taken various forms, including: an increase in the number and intensity of disputes over wages; a rise in social tensions and disruption; and an unsustainable reliance on exports to compensate for shortfalls in domestic demand. In parallel, the proportion of workers who are exposed to the risk of low pay and in-work poverty is growing, since those at the bottom of the labour market suffer more from wage moderation and growing inequality. Given the serious economic and social implications of these trends, many countries in the region have been introducing various policies. Yet their well-intended initiatives have often been hindered or unsuccessful, as they have yet to develop the necessary technical capacities.



**313.** In response to these challenges, the ILO has been providing technical support on mechanisms for setting both minimum and public sector wages:

- *Mongolia* – With sustained ILO support, the new Minimum Wage Law was introduced, and tripartite partners are in the process of building their capacities for implementing it in an effective manner.
- *Viet Nam* – The Office is assisting the Ministry of Labour, Invalids and Social Affairs with public sector wage reform and minimum wage fixing mechanisms. This involves separating minimum wages and collective wage bargaining in industrial sectors and equalizing minimum wages for domestic and foreign-invested companies.
- *China* – The Office and tripartite constituents have been discussing ways to reduce income disparities and raise the wages of low-paid workers – which will include improved practices for collective bargaining and minimum wage fixing. Strong technical cooperation has been under way on the possible new regulation of wages.
- *Philippines* – Following the resolution adopted at the National Wages and Productivity Forum in 2009, the Office has been assisting in a comprehensive review of the current minimum wage system, and in developing reform plans for making minimum wages more effective and viable.
- *Hong Kong Special Administrative Region* – After years of debates and preparations in which the Office was closely involved, the new Minimum Wage Law was introduced in 2010.
- *Papua New Guinea* – In 2008, following an agreement between the Government, the Employers' Federation and the Trade Union Congress, the National Minimum Wages Board approved an increase in the minimum wage for the first time in 16 years.

## Industrial relations trends

**314.** The ILO held a High-level Tripartite Meeting on Collective Bargaining in November 2009. In reviewing developments in the Asia and Pacific region, it noted that institutional frameworks for labour relations were at very different stages of development. At one end of the spectrum were countries in which labour relations were relatively well developed, such as *Australia, Japan, New Zealand* and *Singapore*. At the other end were countries such as *Cambodia, China, Mongolia, Nepal* and *Viet Nam*, which were establishing new labour relations frameworks. Legal reforms in the region reflect these stages of development. Countries that have shifted to more democratic governance, such as *Indonesia*, are strengthening organizational rights and enacting procedures for recognition.

**315.** Some of these economies have introduced a series of legislative and institutional initiatives aimed at building new labour relations systems. *Malaysia* and *Singapore*, on the other hand, have introduced legal reforms of a more procedural nature, where the State plays a key role in shaping the bargaining structure and practices.

**316.** In a number of countries, public sector workers still do not enjoy the right to collective bargaining. After significant deregulation of collective labour relations in *Australia* and *New Zealand*, recent reforms have reaffirmed support for collective bargaining – and the system of collective bargaining has been extended to the public sector in *New Zealand*.

**317.** In most countries bargaining is primarily at the enterprise level. Exceptions include sectoral agreements in the plantations sector in *Sri Lanka*. Wage boards with the social partners' participation exist for a number of sectors, as in *Sri Lanka*, and categories of workers, as in *India*. Labour market reform under way in *Nepal* also aims to strengthen collective bargaining at the sectoral level. Faced with the

proliferation of non-regular forms of employment, some trade unions in the *Republic of Korea* have initiated a nationwide campaign to reorganize previously enterprise-based trade unions into industry-based organizations. While collective bargaining still takes place predominantly at the enterprise level, there has been some shift to sectoral bargaining in the banking, health and metal sectors.

**318.** Significant changes in collective bargaining practices are taking place in *China*, particularly since the early 2000s, a phenomenon explored in more detail below. In 2008, according to official statistics, 149 million workers were covered by collective agreements. The Government and social partners have used tripartite mechanisms to promote the expansion of collective bargaining coverage. While questions remain about the quality of these collective agreements and the collective bargaining process, there is some indication that these may be improving.

**319.** Given the predominance of enterprise-level bargaining in this region, particular mechanisms can play an important role in coordinating wage settlements across the economy. For example, in *Singapore*, the tripartite National Wages Council plays a key role in issuing national guidelines that are taken up in subsequent enterprise-level negotiations. In *Sri Lanka*, employers' organizations play a central role in coordinating collective bargaining, and the Employers' Federation of Ceylon assists and takes part in many collective agreements. In *Japan*, the *shunto* (spring wage offensive) has traditionally played an important role in this regard. The *shunto* is the mechanism by which sectoral unions lead wage negotiation in a coordinated manner. However, this mechanism has weakened in recent years due to worsening economic conditions, which have made it more difficult for trade unions to achieve annual pay scale increases. Individual enterprises have also begun to shy away from the *shunto* wage settlement in order to remain competitive. With this weakening of its traditional role, new roles are being explored for the *shunto*, which is undergoing a period of revitalization. At the national level, the Japanese Trade Union Confederation has been using *shunto* as a means of reducing wage disparities between workers in large firms and those in SMEs, and between regular and non-regular workers. At the sectoral level, in 2007, the Japanese Electrical Electronic & Information Union used an occupation-based wage demand formula to achieve equal pay for work of equal value in each occupation.

*Multiplicity of trade unions is a factor hampering collective bargaining practices*

**320.** A salient constraint on collective bargaining in this region is the weak capacity of the social partners. One of the elements hampering collective bargaining practices has been a multiplicity of trade unions – as in *Cambodia, Indonesia, Pakistan* and the *Philippines*. Furthermore, employers' organizations have emerged only recently in transition economies, such as *Cambodia, China, Mongolia* and *Viet Nam*.

**321.** In many countries, labour relations can be highly adversarial. In *India*, this manifested itself in two major airline strikes in 2009. In *Sri Lanka*, the number of collective disputes remains high in the public sector. Labour relations are also highly adversarial in *Nepal*, where institutions for dispute resolution are underdeveloped. *China* and *Viet Nam* have also seen a dramatic rise in disputes due to tensions arising from new market-based employment relations, with which labour laws and underdeveloped industrial relations institutions are struggling to cope.

**322.** While unions and collective bargaining may be stagnant or shrinking in many parts of the world, they are of growing relevance in a number of countries in East and South-East Asia where rapid industrialization has led to sharp increases in labour disputes. Some governments and social partners, wanting to develop collective bargaining and dispute settlement machinery, have turned to the ILO for technical assistance. Important developments are also taking place in the OECD countries of *Japan, Republic of Korea, Australia* and *New Zealand*. The Office is assisting a number of countries with legislation to improve industrial relations:

- *Cambodia* – The ILO is helping the country draft a trade union law that is intended to strengthen representative unions and encourage more and better collective bargaining.

- *Sri Lanka* – The ILO is providing assistance to reform provisions in Sri Lanka regarding freedom of association and the right to collective bargaining, so that they are in full compliance with ILO standards.
- *Nepal* – As part of the comprehensive labour market reform, new laws will change the industrial relations system and strengthen collective bargaining at sectoral level.
- *Republic of Korea* – In January 2010, the Government repealed provisions of the Trade Union Labour Relations and Adjustment Act, leading to a ban on the payment of the wages of full-time trade union officials by employers, and a timetable for the introduction of union pluralism at the enterprise level. There is still heated tripartite discussion on a time-off system for union officials, which would replace the employers' payment of wages for full-time union officials.
- *Mongolia* – The Office is helping the constituents analyse the current Labour Law and adapt it to a labour market in which SMEs in all economic sectors, as well as mining companies, would become increasingly important employment providers.
- *Papua New Guinea* – The ILO provided assistance in drafting a new Industrial Relations Act.
- *Bahrain* – In 2006, the Government strengthened protection against anti-union discrimination. It is holding tripartite consultations on draft legislation permitting collective bargaining.
- *Oman* – A 2006 amendment to the Labour Law permitted the establishment of trade unions, and in 2010 the General Federation of Oman Trade Unions held its first national congress.
- *China* – From 2005 to 2007, the ILO helped the Government and social partners review the dispute settlement system and offer alternative institutional arrangements. In 2007, China adopted a new Law on Labour Dispute Mediation and Arbitration, which brought about some improvements. According to the All-China Federation of Trade Unions, the number of workers covered by collective bargaining agreements increased from 49 million to 150 million during the 1999–2008 period. A number of provincial legislatures have adopted regulations that offer more favourable legal environments for trade unions. At present, 22 of the 31 provinces have adopted their own regulations on collective bargaining. There are also a growing number of collective agreements at regional and sectoral levels.
- *Viet Nam* – Changes in the economic system have not been matched by progress in industrial relations. The ILO has supported the social partners at various levels on issues related to industrial relations, dispute resolution and collective bargaining, and has helped the Government and social partners set up the National Tripartite Committee on Industrial Relations and establish Industrial Relations Advisory Service Centres in seven provinces.
- *Cambodia* – With ILO assistance, the Ministry of Labour and Vocational Training has strengthened the system for certifying the most representative union – in each enterprise – that can bargain on behalf of all workers. This has increased the number of comprehensively negotiated collective bargaining agreements across all industries, and helped to improve industrial relations. In 2006, Cambodia also experienced its first minimum wage setting negotiations in the garment and shoe industries. The Office facilitated the process by providing pre-negotiation training to the parties and a neutral venue. In September 2010, the garment employers' association and six major confederations signed an agreement to promote harmonious industrial relations through the use of collective bargaining and binding arbitration for rights disputes.

- *Indonesia* – The Government and social partners have devoted significant attention to building social dialogue at national, provincial and local levels. In 2009, a Presidential Decree institutionalized the membership of the National Tripartite Council, previously an ad hoc arrangement. The social partners acknowledge that the capacity of the three partners to contribute to the dialogue varies greatly from province to province. In 2008, the national employers' organization and the three main trade union confederations established a bipartite forum to resolve labour disputes and facilitate discussions on labour law reform. The establishment of bipartite councils at enterprise level has been promoted under a decree issued in 2008. The implementation of this decree will require further time and capacity building, as well as a clear understanding of the respective roles of the committees and the trade unions in enterprises.
- *Sri Lanka* – The ILO is assisting in improving labour–management relations at the level of the workplace in companies operating under the Board of Investment. Areas of assistance include: training the social partners and the labour administration for effective workplace cooperation; strengthening workers' and employers' organizations operating in free trade zones; establishing dialogue mechanisms among and between workers' and employers' organizations; and putting in place mechanisms for cooperation in selected enterprises
- *Maldives* – The ILO is helping the social partners and the Government establish an industrial relations system. This includes: awareness raising by means of workshops on the basic principles of social dialogue; providing assistance on labour law; and training labour relations officers for effective intervention in disputes settlement.
- *Nepal* – As part of its assistance on labour reform, the ILO has carried out substantive research, accompanied by awareness raising campaigns, on the need to promote sound industrial relations and prevent disputes.
- *India* – The ILO is helping the workers' and employers' organizations in Tamil Nadu State with a pilot project, which involves working jointly through social dialogue to promote enhanced industrial relations. It includes activities such as workshops, bilateral consultative meetings, and skills training activities for youth in the textile sector. The workers' and the employers' organizations entered into a Memorandum of Understanding to enhance industrial relations in this sector.
- *Pakistan* – The ILO assisted the social partners in 2009 to consolidate their inputs on the revised Industrial Relation Act.
- *Bahrain and Oman* – During the 2006–08 period, the Office implemented a project on promoting and realizing the fundamental principles and rights at work, which gave assistance both to the Governments and to the employers' and workers' organizations. The training provided new union leaders with valuable information, and generally helped unions in their efforts to recruit foreign workers.
- *Jordan* – The ILO has implemented a two-phase project on strengthening the social partners' capacity for promotion of social dialogue. In 2009, an Economic and Social Council was established.

**323.** The ILO has undertaken substantive research on the current status and evolution of industrial relations in South Asia: in *Bangladesh*; in *India*, in the States of Maharashtra, Tamil Nadu and West Bengal; in *Pakistan*; and in *Sri Lanka*. The studies revealed that workers still face severe challenges in enjoying the right to organize and bargain collectively. These challenges consist of: an unstable political environment and restrictive labour laws; a multiplicity of trade unions; the political affiliation of workers' organizations; and a decline in the average membership of established unions. Some positive developments include the emergence of forms of collective bargaining for contract labour workers, and those in SMEs.

**Box 6.3. Cambodia's Arbitration Council**

Cambodia's Arbitration Council is a national, statutory institution established in 2003. A key feature is its tripartite structure. Unions, employers' associations and the Ministry of Labour have each nominated one-third of the Council's 30 part-time arbitrators. Once a case is referred to the Council, an arbitration panel is formed, consisting of three arbitrators. After the hearing, and within 15 days of receiving the case, the panel issues its decision. Of over 800 cases, nearly 70 per cent have been successfully resolved. All awards are publicly available on the Arbitration Council website.\*

The Council also serves as a social dialogue body for both enterprise-level disputes and national policy matters, and plays an important role in industrial relations more broadly, in particular when it is relied upon in collective bargaining. The Council is a model of transparency, integrity and efficiency for courts and tribunals in the country and throughout the region.

\* [www.arbitrationcouncil.org](http://www.arbitrationcouncil.org).

## Labour administration and inspection

**324.** Labour administration plays a broad and vital role in labour market governance. The Office has been assessing systems of labour inspection in a number of countries. In *China*, for example, this has become an urgent priority – particularly with the implementation of the new Labour Contract Law. In 2009, the National Labour Inspection Bureau of the Ministry of Human Resources and Social Security and the Office produced sets of policy recommendations, due to be implemented in 2011 with ILO support. Over the 2009–10 period, the ILO carried out a subregional project on “enhancing labour inspection effectiveness” in *Lebanon, Oman, Syrian Arab Republic, and Yemen*. The project assessed national capacities and helped national authorities to develop structures and train more inspectors. A similar initiative is planned in the *United Arab Emirates*.

**325.** In *Nepal*, the ILO has helped the country reform its labour administration, including labour inspection services. The assistance was initiated with an audit of the labour administration and an agreed road map for reform. Labour inspection has benefited from awareness raising and training, as well as from the revision of procedures and forms for labour inspection visits.

**326.** The ILO is currently assisting the State Governments of Bihar and Maharashtra, *India*, to strengthen their labour inspection systems. Areas of work include, among others: preparing an inspection policy; introducing labour inspection planning; developing a training strategy for labour inspectors; working on procedures and working methods; developing data and information; and documenting good practice.

**327.** *Sri Lanka* is receiving help in strengthening its labour inspectorate, including the computerization of its labour inspection system.

*Labour administration plays a broad and vital role in labour market governance*

## Gender equality

**328.** Since 2006, with the assistance of the Office, countries across Asia and the Pacific have been strengthening governance frameworks for promoting gender equality. In *Cambodia*, support has been extended to the Ministry of Labour and Vocational Training and the Ministry of Industry, Mining and Energy. In *Indonesia*, support has been given to the Ministry of Manpower and Transmigration. In *China, India,*

*Countries have been strengthening governance frameworks for promoting gender equality*

*Philippines* and *Viet Nam*, the Office has been working with the social partners, local governments and vocational training institutions, on issues related to gender auditing and mainstreaming gender equality. This work is often carried out in cooperation with ministries or other organizations in charge of promoting gender equality and advancing the status of women, and with United Nations agencies.

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### **Profile J: Nepal**

“The additional profit is helping us improve our living conditions.”

*Laxnawati Danuwar, 35 years of age, Chitaha, Nepal*

“My husband passed away more than ten years ago. Our four children, my sister-in-law, and I live in the Dhanusha district, near the Kamala River. We run a small grocery store to make ends meet. We also sell wood sticks collected from the forest and farmland nearby. We make between \$0.70 and \$1.50 a day.

“I quit collecting wood and joined in a labour group, doing about 30 days’ work in one of the ILO Employment Creation and Peace Building based on Local Economic Development projects (EmPLED) from 16 December 2008 onwards.”

“This short-term employment allowed me to earn as much as \$3–4 a day. With the extra savings, I was able to add more products to the shelves. The additional profit we are making is helping us improve our living conditions and repay our loan. It also allows us to support our children’s education.”

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**329.** In 2009 in *Bangladesh*, the Dhaka High Court laid down guidelines for employers for the prevention of, and protection against, sexual harassment at work; these will be mandatory until the Parliament passes relevant legislation. In 2007, *Thailand* passed an amendment to the Labour Protection Act 1998, expanding the scope of prohibited sexual harassment from employers to managers, supervisors and labour inspectors. In 2008, *Fiji* adopted a National Policy on Sexual Harassment in the Workplace, with practical guidelines for employers.

- *Viet Nam* – In 2007, with assistance from the Office, Viet Nam adopted its first Gender Equality Law, which aims to ensure equal access for men and women to employment and productive assets such as land property, finance, and business registration. Following the enactment of the Law, the Ministry of Labour, Invalids and Social Affairs became responsible for mainstreaming gender equality in the public sector.
- *Philippines* – In 2009, the Philippines adopted a “Magna Carta of Women” (Republic Act No. 9710) to prohibit discrimination against women and to promote equal opportunities and treatment for women in all areas of public life. The Act requires the State to “progressively realize and ensure decent work standards for women that involve the creation of jobs of acceptable quality in conditions of freedom, equity, security, and human dignity”.
- *Indonesia* – Since 2009, the Government and social partners have sought ILO advice on the drafting of a code of practice against sexual harassment at work.
- *Pakistan* – In 2010, the Prevention of Harassment at the Workplace Act was enacted, requiring employers to adopt a code of conduct for the prevention of harassment at the workplace, and providing for penalties against employers failing to do so – as well as against any person found guilty of “gender harassment” or creating a hostile environment.
- *China* – In 2008, China saw its first criminal conviction for sexual harassment at work. This was based on the Law on the Protection of the Rights and Interests of Women, introduced in 2005 with assistance from the Office, to outlaw sexual harassment and encourage victims to file complaints. Several provinces have acted to define sexual harassment, requiring employers to improve prevention and establish grievance mechanisms.

**Box 6.4. Practical measures to promote gender equality**

*Australia* – The Australian Securities Exchange is introducing a requirement – which will undergo public discussion – for each entity listed on the Exchange, to adopt and disclose in their annual report a diversity policy that includes measurable objectives relating to gender.

*Japan* – An extensive economic stimulus package, focusing on job creation and increased productivity, includes a monthly subsidy of 13,000 yen (\$149) per child for families with children below junior high-school age. This subsidy was due to come into effect in 2010, and will be increased to 26,000 yen (\$298) per month in 2011. The programme should make it easier for families to pay for childcare so that Japanese women can return to the workforce.

*Lebanon* – In 2009, the ILO supported the establishment of a task force with the tripartite constituents for mainstreaming gender equality in national policy-making and labour market planning.

*Yemen* – The Office has used social dialogue to place women's employment issues on the social partners' agendas. Over a period of several years, through a tripartite framework, 12,000 women and men from the public and private sectors in five governorates have received rights awareness training.

Throughout the reporting period, the Office has also given its backing to regular tripartite meetings on promoting gender equality in employment, by means of research and capacity building, in *China* and *India*.

**330.** Legislative initiatives towards achieving greater gender equality should go hand in hand with practical measures to promote equal employment opportunity between women and men (box 6.4).





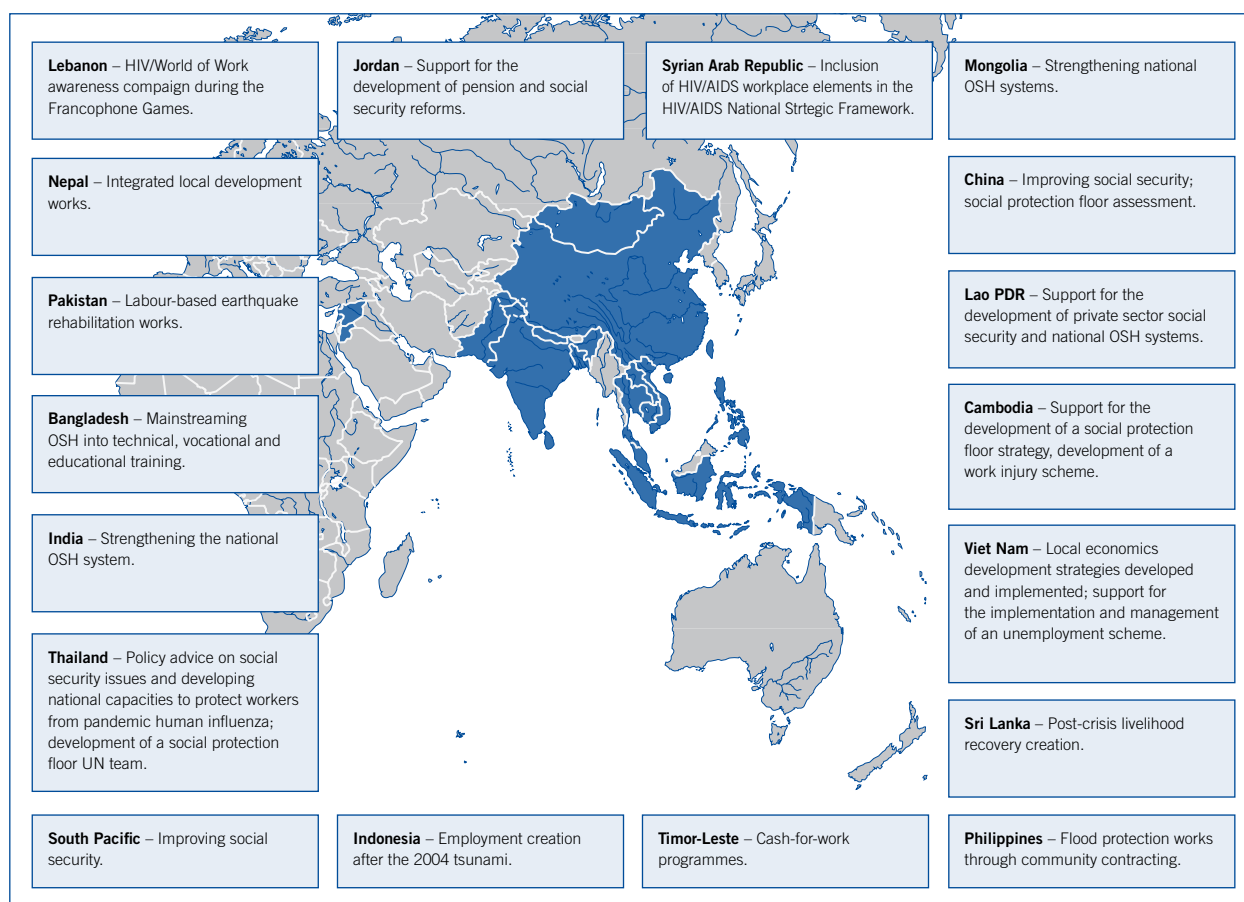
## Chapter 7

### Extending social protection

**331.** The 14th Asian Regional Meeting strongly agreed on the need to extend “the effectiveness and coverage of social protection for all, including workers in the informal economy”. In support of this aim, the delegates requested the ILO to assist governments and social partners in establishing benchmarks and good practices on the extension of social protection to all working women and men and their families. To follow up on the Asian Regional Meeting’s recommendations, the ILO organized a regional high-level meeting in New Delhi in 2008 to review and assess the relevant and feasible options.

**332.** The extension of social protection is a priority in the Arab States. This was confirmed by the Arab Action Agenda for Employment, which emerged from the Arab Employment Forum held in Beirut in 2009. The Agenda envisaged extending the coverage of social protection; establishing a social protection floor; finding ways of financing social security in an equitable and sustainable manner; and strengthening governance and administration with the participation of the social partners.

**Figure 7.1. Snapshot of ILO support in extending social protection**



## ILO strategy

**333.** In response, the ILO has undertaken a wide range of activities in: occupational safety and health; HIV and AIDS prevention; subsidized health insurance; pensions; unemployment schemes; minimum income for the elderly and persons with disabilities; employment injury schemes; conditional cash transfer schemes; crisis response; and employment-intensive public works. The ILO is playing a leading role in the United Nations Social Protection Floor Initiative.

## Social security

**334.** Social security programmes mitigate risks and provide income support associated with, for example: unemployment; ill health; maternity; disability and invalidity; work-related injury; the death of the breadwinner; and old age. Fully developed systems of social security are confined to three countries in the region – *Australia, Japan and New Zealand*. Over recent decades, different models have enabled other countries to make rapid progress – as in *China, Republic of Korea and Thailand*. Elsewhere, systems have yet to be developed.

**335.** The ILO has been providing technical assistance on:

- (1) designing and implementing, as well as reforming and increasing enforcement and coverage of, statutory social security for formal sector employees and/or civil servants;
- (2) designing and implementing universal or targeted non-contributory schemes for the informal economy and vulnerable workers, such as minimum pension schemes, or subsidized health insurance;
- (3) extending social insurance to informal economy workers.

**336.** More specifically, the ILO's support consisted of providing technical assistance in the following areas:

- Promoting the ILO's approaches and tools, as well as sharing international experience on social protection experience among constituents, civil society and United Nations agencies, through – inter alia – national and regional workshops and conferences. In *Cambodia, India, Indonesia, Lao People's Democratic Republic, Maldives, Nepal, Thailand and Viet Nam*, the ILO has started promoting the concept of the social protection floor (SPF); in a number of these countries, national social protection strategies make a clear reference to the SPF concept and approach. In *Nepal*, together with other United Nations agencies and international organizations, the ILO assisted the country in framing the social protection component of the national social protection framework. In *Thailand*, the ILO provided technical assistance for establishing some components of the SPF (access to basic health care, minimum pensions).
- Participating in national task forces on social security and social protection, as well as facilitating SPF working groups and "One UN" teams for increased coordination between the development partners. In *Thailand*, for instance, the ILO recently assumed the leadership of the joint United Nations SPF team that, among other things, organized a development cooperation seminar. The conclusions and recommendations of this seminar will be communicated to the Prime Minister. In *Nepal* the ILO co-chairs the development partners' Social Protection Task Team (UNICEF, ILO, ADB, DFID, World Bank, United Nations Capital Development Fund (UNDCF) and the World Food Programme (WFP)), which, since 2007, has been supporting the Government of *Nepal* to: ensure that the poor and vulnerable are protected; prioritize the poor and vulnerable in social protection measures; build on what is already working well; and consolidate programmes towards the development of a SPF.

- Formulating and implementing national social protection strategies and action plans. In *Cambodia*, for instance, the ILO has helped the Government formulate a national social protection strategy for the poor and the vulnerable, which makes clear reference to the social security staircase and the SPF. In *Indonesia*, the ILO has supported the development of the Indonesian Jobs Pact, which focuses on several pillars – including an important social protection component. Inspired by the ILO policy strategy on a minimum social security package, and following a “social policy consultative workshop on reaching the MDGs with equity”, the Government of the *Maldives*, with ILO assistance, is formulating a “comprehensive social protection package” for all its citizens. *Fiji*, *Kiribati*, *Samoa*, *Solomon Islands* and *Vanatu* have developed national action plans for the extension and improved governance of their social security systems. The ILO is involved in the implementation of the National Social Protection Strategy in *Viet Nam*.
- Assisting governments in their social budgeting exercises in order to help them in the final design of their national social protection strategies and the corresponding schemes to be implemented or expanded, as well as supporting national discussions on the fiscal space. In *Cambodia*, the ILO started a social budgeting exercise in 2010.
- Designing and implementing new schemes in various branches (old-age pensions, unemployment benefits, health care, employment injury, maternity protection) for formal sector workers, civil servants, informal economy workers – including the poor and the vulnerable (partial or non-contributory schemes); as well as assessing the schemes’ feasibility, designing procedures and tools, and the building capacities of social security staff, etc.
  - In *Cambodia*, for instance, the ILO has helped the Ministry of Labour establish a national social security fund for private sector employees and develop the Employment Injury Insurance Scheme, which already covers 350,000 workers. The ILO is today involved in the conduct of the feasibility study of a health insurance scheme for formal sector workers and civil servants.
  - In *India*, the ILO has been providing technical assistance for the design (policy guidelines) of the Universal Health Insurance Scheme for Below Poverty Line (BPL) families (*Rashtriya Swasthya Bima Yojana*), which, by 2013–14, should cover all families living below the poverty line. Further technical assistance is being provided with a view to extending social security to unorganized construction workers through welfare funds created under the Building and Other Construction Workers’ Act, 1996.
  - In *Indonesia*, the ILO is involved in the conduct of a feasibility study for the extension of social security coverage to informal economy workers, in partnership with the German Agency for Technical Cooperation (GTZ).
  - In *Oman*, the ILO has offered recommendations on the development of the pension scheme.
  - In *Thailand*, the ILO assisted in the establishment of the Social Security Office, and has since provided policy and technical advice. Currently, the Government is reviewing the Social Security Fund to assess its financial sustainability and consider extending health care coverage to spouses and future pensioners. The Office has also provided technical advice on a new initiative – a non-contributory universal pension scheme, which, since 2009, has provided around \$15 per month for all those above the age of 60 years.
  - In the *Lao People’s Democratic Republic*, the ILO has been supporting the expansion of social security for private sector employees, as well as reforms to social security provisions for public sector workers. The ILO helped the Government to draft a decree on a restructured social security scheme for public servants, and to develop a strategy for implementation. It also participated in a pilot scheme for reforming medical benefits for civil servants.

- In *Viet Nam*, the ILO helped the Government develop regulations on unemployment insurance, and prepare for implementation by building staff capacity at national and provincial levels.
  - In *Jordan*, the ILO has assisted the Social Security Corporation in undertaking actuarial valuations and designing a maternity protection scheme, which would shift the responsibility for funding women’s salaries during their maternity leave from individual employers to a social insurance scheme. Draft amendments were introduced to the Social Security Law to address the financial challenges facing the Social Security Corporation. The new legislation will enhance social equity between contributors, cater for the interests of those with low and limited income, and allow the expansion of coverage to include all Jordanians.
  - In *Malaysia* and the *Philippines*, feasibility studies have been carried out on ways to provide a secure minimum income for retrenched workers.
  - In *Lebanon*, the ILO has supported the ongoing process of pension reform by preparing – for the Government – a review of an actuarial study carried out in the context of the pension reform and policy options for reforming the pension system.
- Providing actuarial services, reviewing valuations of pension schemes and making recommendations for their further development. In *Jordan* and *Kuwait*, the ILO has provided all these services. In *Malaysia*, the eighth actuarial valuation of the social security scheme has recommended adjusting contributions and pensions.
  - Providing policy recommendations for amendments to existing legislation, or the implementation of umbrella laws (through the drafting of regulations and decrees on implementation). In *Bahrain*, for instance, the ILO provided technical assistance on: assessing the feasibility of the new unemployment insurance scheme; drafting the legislation; and implementing the scheme (the implementation of the unemployment insurance scheme in Bahrain was part of a broader labour market reform, conducted in 2006–07). In *China*, the ILO has contributed to the formulation of the Social Insurance Law. In *India*, the ILO is providing technical assistance for reviewing the coverage of maternity protection through existing schemes, with a view to providing policy recommendations for amendments to the Maternity Benefit Act. In *Mongolia*, the Government has, since late 2009, been reviewing pensions and assessing the social security legislative framework for the purpose of ratifying the Social Security (Minimum Standards) Convention, 1952 (No. 102). In *Nepal*, the tripartite constituents have agreed on the need for appropriate mechanisms to protect workers and their families from the insecurities associated with flexibility. In this regard, the Government, with ILO assistance, has developed a draft Unemployment Insurance Benefit Act and a draft National Social Security Organization Act.
  - Building capacities for tripartite constituents and staff in social security institutions at national and provincial levels, in such fields as: social budgeting; actuarial modelling; management of social security institutions; social protection floor assessment and costing; social security surveys; health insurance policy; and unemployment insurance. For instance, the ILO and the Turin Centre recently organized a SPF assessment and costing training workshop in Bangkok, which included participants from *Cambodia*, *Indonesia*, *Lao People’s Democratic Republic*, *Thailand* and *Viet Nam*. In addition, continuous assistance was provided to national social insurance administrations and to the social partners, particularly to the workers’ organization in *China*.
  - Documenting and disseminating country experiences through publications, reports, web platforms, etc. In 2008, the ILO published a report showing that *Sri Lanka* had established a social security system that provided universal health care, as well as income replacement in old age and disability to about 50 per

cent of the population. The system also disbursed income support to the poor through cash transfers, reaching an estimated 40 per cent of the population. In 2010, the ILO supported two SPF studies in *Cambodia* and *Thailand*, which will appear in a major publication of the Special Unit for South–South cooperation of the UNDP and the ILO. The ILO is creating and updating online content on the Global Extension of Social Security (GESS) platform to share country experiences of the region.<sup>70</sup>

## Labour protection

**337.** Governments, workers and employers in Asia and the Pacific have increasingly been focusing on occupational safety and health (OSH), with a view to preventing the occupational accidents and diseases that not only harm individual workers, but also affect the productivity and profitability of enterprises – and ultimately the welfare and socio-economic development of society as a whole. Many member States, with the support of the ILO, are implementing components of key OSH Conventions – the Occupational Safety and Health Convention, 1981 (No. 155), and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) – as part of their DWCPs.

### *Ratifications*

**338.** In recent years there have also been quite a few ratifications of key OSH Conventions. *Bahrain, China, Fiji, Republic of Korea, New Zealand* and the *Syrian Arab Republic* have ratified Convention No. 155, while *India* and *Sri Lanka* are considering ratification. *Japan* and the *Republic of Korea* have ratified Convention No. 187.

### *National policies and programmes*

**339.** In accordance with Conventions Nos 187 and 155, countries across the region have adopted, or are in the process of framing, national OSH policies. *Pakistan*, for example, adopted the Labour Protection Policy in 2005 and the Labour Inspection Policy in 2006, while *India* declared the National Policy on Safety, Health and Environment at the Workplace in 2009. And *Bangladesh* is in the process of developing its national policy. All three countries are designing or implementing action programmes, and have had substantive contributions from the social partners. *Cambodia, China, Indonesia, Lao People's Democratic Republic, Malaysia, Mongolia, Philippines, Singapore, Thailand* and *Viet Nam* have also framed national OSH programmes with reference to Convention No. 187. Among the Arab States, *Bahrain* and the *Syrian Arab Republic*, which both ratified Convention No. 155 in 2009, are in the process of developing national OSH policies. *Oman* has prepared, with ILO support, a national OSH profile that will be used for future policy formulation. The *United Arab Emirates* are receiving ILO advisory services on the formulation of a new comprehensive legislation on OSH in the construction sector, which is intended to extend labour protection measures to a significant number of migrant workers.

### *National systems*

**340.** Many countries are revitalizing existing national OSH systems. *Nepal, Pakistan* and *Sri Lanka* are developing overarching OSH legislation that will eventually cover all workplaces, and *Brunei* and *Mongolia* have enacted new OSH Acts. *Cambodia* and the *Lao People's Democratic Republic* have been strengthening OSH service capacities

<sup>70</sup> [www.socialsecurityextension.org](http://www.socialsecurityextension.org).

at provincial level and, with ILO assistance, have improved safety and health inspections. Inspectorates, including OSH, have been strengthened in *India*, *Nepal* and *Pakistan* through ILO training. *Thailand* has formed a Bureau of OSH in the Ministry of Labour; and *Singapore*, in cooperation with the ASEAN–Occupational Safety and Health Network (ASEAN–OSHNET) and the ILO, hosted a safety and health inspection training course in 2010.

#### *Tripartite consultation*

**341.** Many of these activities have involved close consultations, and provided the opportunity for various ministries, workers’ and employers’ organizations to work together. In *Indonesia*, for example, workers’ and employers’ representatives drafted the national OSH programme in consultation with the National OSH Council and the Ministries of Manpower, Health, Energy and Natural Resources, and Agriculture. In addition, employers’ and workers’ organizations are promoting OSH through seminars and workshops for their members. For this purpose, members and staff of employers’ organizations from six South-Asian countries attended a training-of-trainers course at the ILO Turin Centre in 2009. Workers’ organizations in South Asia have also organized a variety of national-level events on OSH. In *India*, for instance, there was a seminar on the Safety and Health in Mines Convention, 1995 (No. 176), as well as an event marking the 25-year anniversary of the Union Carbide accident in Bhopal; and in *Pakistan* there have been awareness-raising workshops for trade union activists.

#### *Small and informal enterprises*

**342.** Both workers’ and employers’ organizations in East and South-East Asia have extended their own OSH activities to small enterprises and informal sector workplaces. Trade unions in *Indonesia*, *Lao People’s Democratic Republic* and the *Philippines*, in cooperation with the Japan International Labour Foundation and the ILO, have carried out POSITIVE (Participation-Oriented Safety Improvements by Trade Union Initiative) training workshops and developed their own trade union trainers. Employers’ organizations in *China* and *Mongolia* have assisted many small enterprises, drawing upon the Work Improvement in Small Enterprises (WISE) training programme. Many other countries have taken innovative, participatory approaches, using people’s networks through governments, workers’ and employers’ organizations, and NGOs. *Cambodia*, *Lao People’s Democratic Republic* and *Thailand*, for example, have strengthened OSH services for those working at home or on small construction sites.

#### *Technical cooperation*

**343.** There have also been initiatives to integrate OSH into technical cooperation projects. In *India*, these have included simple risk assessments of post-tsunami activities; and in *Nepal*, the Working Improvement in Neighbourhood Development (WIND) programme has been introduced into the EmPLED project (box 7.1). In *Sri Lanka*, OSH is part of the Factories Improvement Programme; and, in *Bangladesh*, OSH is an important part of the Technical, Vocational and Educational Training Reform project.

*OSH has also been a focus of technical cooperation at the regional level*

**344.** OSH has also been a focus of technical cooperation at the regional level. The Arab States, for example, have held an Interregional Tripartite Occupational Safety and Health Meeting, and Convention No. 187 was promoted at a subregional meeting in Dhaka for tripartite delegations from six South-Asian countries. In 2009 in *Singapore*, ASEAN–OSHNET conducted a workshop on good practices. For its part, the *Republic of Korea* OSH Agency hosted two international training courses. The largest event, however, was the XVIII World Congress on Safety and Health at Work

### Box 7.1. OSH protection for grass-roots farmers in Viet Nam and the Philippines

The WIND programme in *Viet Nam* has trained many volunteers to extend practical OSH information and methods to grass-roots farmers. The training covers such areas as: materials handling; work posture; machine and electrical safety; working environments; the control of hazardous chemicals; and welfare facilities. WIND farmer volunteers train their neighbours by showing existing local good examples. From 2004 to 2007, the OSH in Agriculture project, funded by an ILO–Japan programme, trained 480 WIND farmer volunteers in 14 selected provinces. In the *Philippines*, the Departments of Agrarian Reform and Labour and Employment are working together to provide WIND training to farmers. The Vietnamese and Philippine experiences in WIND have now been shared with *Cambodia, India, Republic of Korea, Lao People's Democratic Republic, Nepal, Sri Lanka* and *Thailand*. Countries in Central Asia, Latin America, Africa, and Eastern Europe have increasingly been applying the programme.

in Seoul in 2008, jointly organized by the ILO and the International Social Security Association (ISSA). This included the first Summit on Safety and Health at Work, which issued the Seoul Declaration – now increasingly being used to rally political support for safe and healthy working conditions.

#### *Prevention of HIV and AIDS in the workplace*

**345.** Average HIV rates are comparatively low in Asia and the Pacific, but there are pockets of higher prevalence in certain geographical locations and among specific groups. In line with the ILO code of practice on HIV/AIDS and the world of work, the ILO works with the social partners to establish effective HIV prevention programmes, at both national and enterprise levels. The aim is to protect all workers – offering prevention services and, for people already infected with HIV, access to job protection and confidential care and treatment. The ILO has worked with the tripartite partners in *Cambodia, China, Indonesia, Nepal, Sri Lanka* and *Thailand* to develop national policies and guidelines to protect the employment rights of people with HIV, and has established workplace programmes in over 125 enterprises covering an estimated 650,000 workers. To support these programmes, the ILO has developed a range of training and communication materials.

**346.** The ILO and national partners are concerned about workers who are at a greater risk of HIV infection as a result of their working situation and related living conditions. In *India*, for example, there is a focus on the booming construction sector, where large numbers of workers live away from their families. Similarly, in *China*, the ILO is working in the mining, long-distance transport and remote manufacturing sectors to target younger male migrants, many of whom live apart from their families and support networks, and are reported to engage in high-risk behaviour such as unprotected commercial sex and injected drug use.

**347.** In the context of the global economic crisis, many factory workers, particularly female migrants (such as those working in the garment factories of *Cambodia*), have lost their jobs. The precarious conditions have pushed many laid-off workers into sex work, which has further fuelled the HIV epidemic. The ILO initiated technical cooperation projects in *Cambodia, Indonesia, Nepal* and *Sri Lanka* in 2010, taking into account the gender dimensions of the economic crisis and their potential impact on HIV epidemics in the region. In response to returning migrant workers in *Sri Lanka*, the ILO started a gender-focused technical cooperation project to ensure prevention while providing job skills support.

*The ILO has also taken steps to ensure that people living with HIV have access to employment*

**348.** The ILO has also taken steps to ensure that people living with HIV have access to employment. Research throughout the region shows that more than 60 per cent of people infected are unemployed. In *Nepal*, the ILO is developing a set of employment services for people living with HIV, including job-placement services and skills training. In *China*, the ILO is working to include people with HIV in all services related to the Start and Improve Your Business (SIYB) programme, and in Yunnan and Guangdong the provincial governments are providing people infected with the virus access to vocational training and employment services.

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### **Profile K: China**

“I could not tell my fellow migrant workers that I had HIV.”

*Zhang Xiao Hu, China*

Zhang Xiao Hu is a man of few words. When asked about his days as a migrant worker in large cities, Xiao Hu is overwhelmed by the memory of loneliness and fear. It was not because he had no friends. He had plenty of them. But his life was overshadowed by a secret. “I was very scared. I could not tell my fellow migrant workers that I had HIV. They would avoid me. Nobody would want to work, eat, or share the dormitory with me.”

China has made progress on HIV prevention over recent years, but more needs to be done. An ILO survey shows that negative attitudes of migrant workers towards the disease are still widespread. Eight out of ten workers say that they do not want to work with a person who is HIV-positive.

With funding from the US Department of Labor, the ILO has launched a Workplace Education Programme in three provinces: Anhui, Guangdong, and Yunnan. The programme is part of efforts to help the ILO’s partners in the Ministry of Human Resources and Social Security, the China Enterprise Confederation, and the All-China Federation of Trade Unions, to achieve decent work objectives in the country.

Xiao Hu is hoping to change this kind of attitude. He is the first migrant worker in China who has disclosed his HIV-positive status. He recently starred in a public service announcement along with the famous Chinese actor Wang Bao Qiang, who was a migrant worker himself. The film was directed by Cannes Film Festival winner, Gu Chang Wei. Xiao Hu played a construction worker who is rejected by co-workers and friends because of his HIV status. The film is part of China’s first HIV prevention campaign featuring migrant workers.

Despite his major role in the film, Xiao Hu remains very camera shy. But when it comes to speaking to other migrant workers about HIV prevention and the discrimination to which HIV-positive workers are subjected, Xiao Hu is determined to help spread the message of tolerance and acceptance at the workplace.

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**349.** The ILO has also played its part in prominent public campaigns. The ILO participated as a co-sponsor with UNAIDS in the Francophone Games, which were held in *Lebanon* in September 2009. A joint campaign displayed the slogan “Francophone countries against AIDS”, both at the games themselves and in the city of Beirut, and the ILO exhibited materials on “HIV and AIDS and the world of work” in all the games areas. At the regional level, the ILO convened – jointly with UNAIDS – a regional tripartite meeting for constituents in the Arab States and North Africa in April 2007. The meeting brought together constituents from 17 countries, which adopted country plans aimed at strengthening HIV/AIDS workplace initiatives.

**350.** In June 2010, the International Labour Conference adopted the Recommendation concerning HIV and AIDS and the World of Work, 2010 (No. 200), which is the



first international labour standard concerning HIV. The Recommendation articulates the rights of workers and their families affected by HIV and other work-related infectious diseases, such as tuberculosis or hepatitis, to access prevention, treatment, care and support services. Tripartite consultations to give effect to the Recommendation have since taken place in *China*, *Indonesia* and *Nepal*. *Nepal* is in the process of developing its next five-year National AIDS Strategy, in which the Recommendation will serve as a guiding framework.

## Employment-intensive public works

**351.** In response to the recent series of crises and natural disasters, and the prevailing high levels of poverty, many countries in the region have been focusing on developing safety nets: non-contributory transfer programmes to protect the poor and vulnerable. For several low- and middle-income countries, these often include schemes for employment creation through employment-intensive public works, which offer payment for unskilled or semi-skilled work.

**352.** In general, the programmes promoted by the ILO not only provide employment and income, but also build the infrastructure that can contribute to the achievement of MDGs by improving access to facilities, goods and services. For this purpose, the ILO has assisted with employment-intensive projects at the national level – providing technical support, training and information services on local participation and planning, labour-based technology, and small-scale and community contracting. At the regional level, the ILO has produced publications, guidelines and manuals, and has participated in international networks and forums.

### *Capacity building*

**353.** In a number of countries, the ILO has assisted with training local governments, small-scale contractors and communities on employment-intensive strategies – and provided extra funds for “Local development through infrastructure investments and jobs” (box 7.2). By way of example, the ILO has, since 2006, been demonstrating the competitive advantages of labour-based and local resource-based approaches in rehabilitating rural roads in districts affected by the 2004 tsunami in Indonesia. An ILO project, funded by the multi-donor trust fund administered by the World Bank, has built local capacity to replicate the work and mainstream the technology. In *Timor-Leste*, the ILO has provided technical support in employment-intensive infrastructure works through a national project (TIM Works), which has received funding from the European Commission, Irish Aid, and Norway.

*The ILO has assisted with training on employment-intensive strategies*

### *Employment creation schemes*

**354.** In South Asia, public works programmes are increasingly being used as employment guarantee schemes. In *India*, the National Rural Employment Guarantee Act (NREGA) offers 100 days of work a year, at the minimum wage, to any household that needs it. The ILO and the Ministry of Labour and Employment organized a roundtable on NREGA to chalk out a road map for service delivery. The Government is currently considering the ILO’s proposal to include elements of decent work and green jobs into the programme. In *Nepal*, the ILO has reviewed the national Karnali Employment Guarantee Scheme, working with the Government and the World Bank to enhance its design and implementation. The Office is also responding to a request for further ILO support from the National Planning Commission, so that it might include employment guarantees in the forthcoming development plan. A similar initiative has started in *Pakistan*.

### Box 7.2. Local development through infrastructure investments and jobs

The ILO has provided extra funds for “Local development through infrastructure investments and jobs” to support decent work priorities in five countries.

- *Cambodia* – The ILO is involved in the public works component of a social protection strategy for the poor and vulnerable. The aim is to maximize the labour intensity of infrastructure works.
- *Indonesia* – The ILO has worked with the Government to improve the labour intensity of the infrastructure component of the economic stimulus package. It has provided analysis on the labour intensity of different subsectors, and on the labour market benefits of moving from capital-based to labour-based technology.
- *Nepal* – ILO support has demonstrated the value of community planned and implemented works in urban low-income settlements, and of performance-based contracts in rural road maintenance. It has also produced a set of guidelines and manuals on community-based infrastructure development in low-income urban areas and team-based maintenance of rural roads.
- *Philippines* – The ILO has demonstrated how to address disaster preparedness and climate change adaptation using local resource-based methods – encouraging the participation of beneficiaries in the design, construction and maintenance of small-scale community flood control works. This has resulted in a general guide for local governments on ways to use local resource-based methods, together with the ILO’s employment-intensive works technology.
- *Timor-Leste* – The ILO has established a routine, labour-based road maintenance system through community contracting, and has developed the capacity of small-scale contractors in rural road rehabilitation. The Office has also produced related material for training courses.

## Crisis response

*The ILO has been supporting government responses to crises*

**355.** The ILO has been supporting government efforts to respond to crises and natural disasters throughout the region, to enable the poor to regain their livelihoods.

### *Economic crisis*

**356.** In response to the global economic crisis, for example, various countries in Asia and the Pacific have introduced economic stimulus packages, which have included public works. In Indonesia, the ILO has collaborated with national partners to integrate employment-intensive strategies into the stimulus package. In Cambodia, the ILO has been actively involved in the formulation of the National Social Protection Strategy for the Poor and Vulnerable, which includes public works, conditional cash transfers, and education and child labour.

### *Tsunami*

**357.** The Asia and the Pacific region is also prone to many types of natural disasters that require a rapid response. One of the most devastating in recent decades was the 2004 tsunami. In *Sri Lanka*, the ILO supported community-based training and value chain programmes that assisted over 300,000 people, and contributed to the placement of 3,000 people in gainful employment in the Eastern Province; it also worked with the United Nations Office for Project Services (UNOPS) on a joint Integrated Rural Accessibility Project. In *Indonesia*, the ILO contributed to the tsunami

response in Aceh and Nias, which included emergency employment services, roads and infrastructure rehabilitation, women's entrepreneurship development, and skills training activities.

### *Flooding and cyclones*

**358.** One of the most frequent natural disasters in the region is flooding. In the *Philippines*, following the 2009 flooding in Manila and the surrounding provinces, the ILO assisted the Department of Labor and Employment with cash-for-work projects on clean-up operations in submerged areas. In *India*, in response to the 2008 Bihar flooding, the ILO worked with district administrations to help flood-affected families through income generation in dairy production, handicrafts, handlooms and other small-scale industries. Another regular source of risk is cyclones. In *Bangladesh*, following cyclone Sidr in 2007, the ILO worked with the Food and Agriculture Organization of the United Nations (FAO) and the World Bank on joint assessments of the impact and the possibilities for reconstruction. In *Myanmar*, following cyclone Nargis in 2008, the ILO introduced employment-intensive strategies to reconstruct village infrastructure.

### *Conflict*

**359.** Several countries in the Asia and Pacific region have also suffered from conflict. In *Timor-Leste*, as a response to a period of civil unrest, the ILO implemented cash-for-work programmes that gave jobs to more than 46,000 beneficiaries. Since the end of the civil war in *Sri Lanka*, the ILO has provided technical coordination and taken the lead in livelihood recovery, both nationally and locally, and has coordinated the development of the Framework Proposal for Ex-combatants. In *Nepal*, the ILO is implementing a Jobs-for-Peace project that creates employment opportunities for conflict-affected youth. In *Afghanistan*, the ILO has supported Employment Service Centres that can provide rehabilitation services to ex-combatants. In *Lebanon*, following the 2006 hostilities, the ILO worked closely with other United Nations organizations on job creation schemes. To help cope with the urgent humanitarian needs resulting from conflict and the blockade in Gaza, the ILO implemented a series of quick-impact interventions, which addressed the skills deficit in the construction sector and promoted emergency employment through the construction of green shelters. In *Iraq*, the ILO worked in the northern governorates on the Local Area Development programme to promote SMEs, providing financial support and entrepreneurship training for SMEs in local economic recovery and business development.

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### **Profile L: Sri Lanka**

“The income will help us find a better life.”

*Jacob and Jesumary, Parainatakal, Sri Lanka*

Jacob and his wife Jesumary and their three children were victims of Sri Lanka's decades-long civil war. “We were homeless in 1990. And after several relocations, and almost 20 years later, we were finally able to return to our village in 2009.”

“Although we had land, we could not return to farming right away. We did not have enough capital, the necessary equipment, and the latest agricultural know-how”, says Jacob.

“The ILO officials visited our village to help identify families with needs. We were fortunate to have been selected to receive support. And with that and our own labour, we could start cultivating. The income from our harvest will not only help us to continue our livelihood without disruption, but also help us find a better life.”

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### *Response to pandemic influenza*

**360.** The H1N1 influenza pandemic threatened to take a high toll on the world of work. The ILO worked with the World Health Organization (WHO) and other United Nations agencies to address the crisis, focusing on assistance to small enterprises, to help them protect their employees and keep their businesses running. Based on the ILO's WISE programme experiences, countries have developed participatory, action-oriented training materials for influenza prevention at the workplace – as in *Cambodia, Indonesia, Malaysia, Thailand* and *Viet Nam*. In cooperation with workers' and employers' organizations, as well as government agencies, a network of workplace influenza trainers has been developed. On 21 August 2010, the WHO declared that the pandemic had ended, and now the ILO is reviewing, analysing and documenting its practical experiences in influenza pandemic prevention at the workplace. The lessons learned will serve to build up a useful institutional memory, making it possible to respond swiftly to similar events in the future.

### Local economic development and social protection strategies

*Effective local governance has become increasingly important*

**361.** As governments across Asia and the Pacific decentralize, allocating more tasks and expenditure to lower tiers of administration, it has become increasingly important to have effective local governance, especially in functions related to decent work. The ILO has responded with local economic development (LED) strategies, which aim at strengthening the competitive advantages of localities and building capacity for delivering social protection.

**362.** In the *Philippines*, for example, the ILO has been documenting good practices in local economic governance – particularly in enterprise development, youth employment and social protection – from 2006 until the present day. It has also been supporting local policy-makers and others with a collection of tools that promote decent work. In *Nepal*, the ILO has worked with the Ministry of Local Development to address geographical inequalities and social exclusion (box 7.3). And in *Viet Nam*, the Office has developed a number of local economic development strategies based on value chain methodologies, community-based training, women's entrepreneurship development, and association building. In *Iraq*, a UNDP–ILO community-based skills training programme (2003–05) supported disadvantaged women – following which more than 92 per cent of the 1,201 trained women were gainfully employed. In *Lebanon*, the ILO has contributed to a Middle East and North Africa (MENA)–OECD investment programme inventory exercise on women entrepreneurship development, by preparing a country report – which noted the need for fostering business education and training from a very early stage in schools, and for targeting the “missing middle” in the provision of financial and non-financial support services.

### *Indigenous peoples*

*ILO Offices are promoting culturally based creative industries*

**363.** In some countries there has been a focus on indigenous peoples. ILO Offices in *Cambodia, China* and *Viet Nam* are promoting culturally based creative industries, while also strengthening the local economic options. Through Millennium Development Goal Achievement Funds, and within the framework of “One UN”, the ILO has partnered with relevant ministries and indigenous communities in these countries. In so doing, it has identified and promoted economic opportunities and livelihoods that respond to cultural traditions, utilizing a market and value chain development approach.

### *Health*

**364.** Attention has also been paid to occupational health through the intermediary of decentralized agencies. In *Thailand*, the ILO partnered with the Ministry of Public

### Box 7.3. Supporting local economic development in Nepal

In rural *Nepal*, the ILO has been working in Dhanusha and Ramechhap, two poor districts that suffered from the country's decade-long conflict. In partnership with the Ministry of Local Development, ILO constituents, civil society and community-based organizations, the ILO's aim is to promote local economic growth, employment generation and social inclusion. The project, which has a gender focus, links the improvement of local infrastructure, skills development and better market access with measures to ensure workers' safety and health, good labour practices and the recognition of rights at work.

LED forums have been formed, consisting of representatives of the district departments, chambers of commerce, trade unions, NGOs, and selected service providers. In the absence of elected local development officials, these forums also create a public-private civil society partnership model for social dialogue. The LED forums have, for example, developed two community-based tourism trails; carried out infrastructure work that has created employment for 1,500 people; improved business development services for local entrepreneurs; and upgraded value chains in a number of areas, including tourism, crops, and traditional art.

Health, with a view to developing the capacity of primary health care units to address occupational conditions – especially the safety and health of workers in the informal economy. The partnership worked in five pilot areas – providing OSH education, collecting occupational data, surveying working conditions, establishing a local OSH database, and detecting occupational ailments.

#### *Crisis response*

**365.** Local governments also play an important role in crisis response – by implementing stimulus packages that preserve employment and consumption; by crafting appropriate economic strategies that serve sustainable and local markets; and by designing skills policies that are aligned with new priorities and needs. Such issues were the subject of a regional expert group meeting organized by the ILO and OECD in Malang, *Indonesia*, in 2009: “Routes of the crisis: Strategies for local employment, skills development and social protection in Asia”.



## Chapter 8

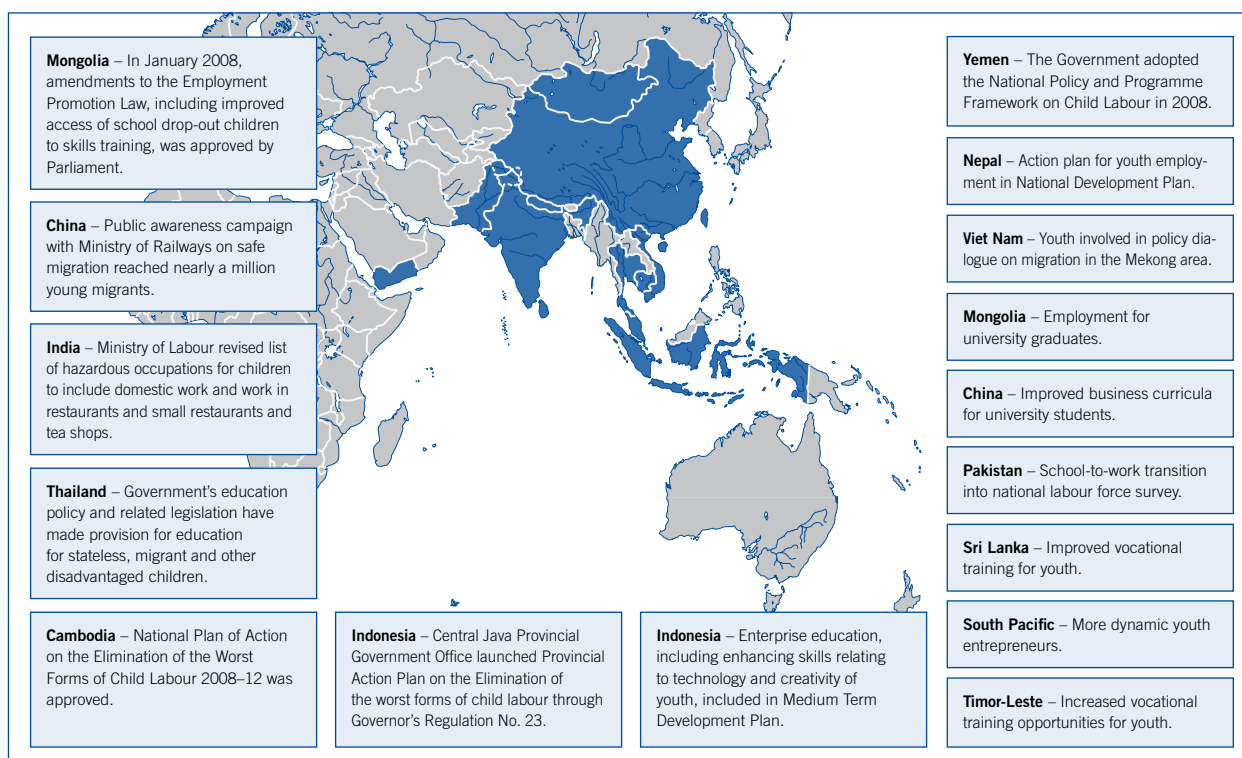
### Putting an end to child labour and creating opportunities for young people

**366.** The 14th Asian Regional Meeting in 2006 identified the elimination of child labour and the promotion of youth employment as priority areas for action. Since 2008, the global crisis has made a response to those priorities even more urgent. Recent figures show that the number of unemployed youth worldwide increased by 4.2 million between 2007 and 2010. In the Asia and Pacific region, around 114 million children aged between 5 and 17 years are engaged in child labour, many of them in its worst forms. The impact of the economic crisis on children and youth can jeopardize countries' human capital and have long-term economic consequences.

**367.** Child labour is closely linked to youth employment. On the one hand, there are children working when they should be at school; and on the other, young women and men are struggling to find productive employment. What is more, child labour affects both the demand and supply sides of youth labour markets, as the availability of cheap labour distorts the labour market and skews demand away from youth and towards children. In addition, by preventing children from acquiring basic education and skills, child labour contributes to an underskilled youth workforce.

*Child labour is closely linked to youth employment*

**Figure 8.1. Snapshot of ILO support in ending child labour and improving opportunities for youth**



**368.** Strategies to address both problems may be based on the life-cycle approach to decent work. Concentrating on the most formative ages is crucial, particularly keeping children in school and ensuring a smooth transition from school to work – complemented by efforts to improve employment prospects for adults.

## ILO strategy

**369.** The Global Action Plan (2006) has provided a solid basis for the ILO's work against child labour. As a result of this, the ILO has: (a) supported national responses to child labour, particularly by integrating child labour concerns into development policy frameworks; (b) helped deepen and strengthen the worldwide movement in support of national action; and (c) integrated efforts to combat child labour more effectively within the ILO's overall Decent Work Agenda and linked it to the youth employment challenge.

**370.** As a cross-cutting theme, youth employment has required pooled technical expertise from virtually every aspect of decent work promotion. To improve coordination and better assist its constituents, the ILO has established a global Youth Employment Programme, which cuts across its departments and other sectors. National responses also need to be integrated and coherent, and involve all relevant stakeholders. The ILO therefore offers assistance for coordination – among concerned ministries as well as with employers' and workers' organizations (box 8.1).

**371.** The ILO has also worked on youth employment with regional bodies and multilateral agencies: the ASEAN Secretariat, which now has a forum on youth entrepreneurship; APEC, through its Human Resources Development Working Group; the Commonwealth Youth Programme; and the Secretariat of the Pacific Community. A particularly successful example is the Youth Employment Network, a partnership with the United Nations and the World Bank. The ILO is a funding member and hosts the Secretariat. Other examples are the Regional Thematic Working Group on Education for All, and the Regional United Nations Girls' Education Initiative. Joint programmes are operating in *China, Nepal* and the *Philippines*.

### Box 8.1. The Education and Skills Training for Youth Employment project trains young men and women in Indonesia

The Education and Skills Training for Youth Employment (EAST) project, running in five eastern Indonesian provinces, focuses primarily on the school-to-work transition – helping constituents at the central and provincial levels improve skills training and enterprise education.

The project has had a number of benefits. Both the formal TVET sector and the non-formal education sector now have a better understanding of the supply and demand of marketable skills, and vocational training programmes are more aligned with the Indonesian National Competency Standards. Trainees also benefit from a guarantee scheme that links them directly to employment opportunities; these arrangements rely on tripartite agreements to make sure that the training is relevant. EAST also assists with the development of programmes for business start-ups by young entrepreneurs.

## Achievements in ending child labour

*Asia-Pacific still has the world's largest number of child labourers*

**372.** Although the 2010 ILO *Global Report on Child Labour* reported a certain decline in the number of economically active children, as well as in the number of children engaged in hazardous work, the Asia-Pacific region still has the world's largest number of child labourers – at 114 million, or more than one child in eight. Many



**Table 8.1. Countries in the Asia and the Pacific region that have not yet ratified Conventions Nos 138 or 182**

	Convention No. 138	Convention No. 182
Australia	X	Ratified (2006)
Bahrain	X	Ratified (2001)
Bangladesh	X	Ratified (2001)
Brunei Darussalam	X	Ratified (2008)
<b>India</b>	X	X
Iran, Islamic Rep. of	X	Ratified (2001)
<b>Maldives</b>	X	X
<b>Marshall Islands</b>	X	X
<b>Myanmar</b>	X	X
New Zealand	X	Ratified (2001)
Saudi Arabia	X	Ratified (2001)
<b>Solomon Islands</b>	X	X
Timor-Leste	X	Ratified (2009)
<b>Tuvalu</b>	X	X
Vanuatu	X	Ratified (2006)

Note: X: Not yet ratified.

Country name in **bold**: Neither Convention No. 138 nor Convention No. 182 have been ratified.

countries have ratified the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No.182), but have yet to implement them fully. Moreover, a number of countries have yet to ratify one or both Conventions: 13 countries in the Asia–Pacific region and two Arab States have yet to ratify Convention No.138, while six have yet to ratify either (table 8.1).

**373.** Different countries are at varying levels of progress. Some have national action plans or time-bound programme frameworks, or other similar national frameworks. Unfortunately, many of these are not fully operational through programmes, or not integrated into relevant national development programmes. Where programmes exist, they may not be geared towards eliminating the worst forms of child labour – since they often neglect children in armed conflict, children in forced and bonded labour and, in some cases, children in domestic labour. Financing of action to address child labour remains a problem, although the amounts required are not very large.

### **Profile M: Thailand**

“I want my children to have a good education, but the family isn’t making enough money.”

*Sumaa Dejhpray, Pattani, Thailand*

Sumaa Dejhpray has been cleaning mussels for some seven years now. Her husband catches them in the sea, and she gets help from their young daughters and seasonal migrant workers from Myanmar. Their livelihoods are highly dependent on the season, tides, and weather.

Safeena, even at the age of seven, already knows how to use a knife to scrape off the seaweed. “She’s had a cut before. But she’s not at all afraid.” Sumaa says her daughters prefer to work rather than stay home with their grandmothers. “They want to make some money to buy snacks.”

The catch is abundant today, so Sumaa needs all the help she can get. They don't have time to send the kids to school. So cleaning the mussels with a sharp knife is playtime for Safeena and her younger sister.

"Of course I want my children to have a good education", says Sumaa. But the family isn't making enough money at the moment. Their income is also not stable. "Scholarships would help us a lot."

She is happy with her current job because she can stay with her husband and children. Being together, she can teach and groom them well. "Children can see how hard it is for the parents to get money, then they will know the value of money."

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**374.** Children's education, health and welfare have also been threatened by the global economic crisis, which has the potential to reverse some of the recent progress made in reducing child labour and increasing children's access to education. Action taken to safeguard employment and extend social protection in many countries, including in *China, India, Indonesia* and the *Philippines*, should help prevent child labour.

#### Research

*Many countries have made use of ILO methodologies for assessing the extent of child labour*

**375.** Many countries in the region have made use of ILO methodologies for assessing the extent of child labour and reporting on the results. Constituents in *Fiji*, for example, have used research tools for five sector surveys developed by the International Programme on the Elimination of Child Labour (IPEC) Statistical Information and Monitoring Programme on Child Labour (SIMPOC). *Mongolia* has used the child labour statistical concept training for the staff of the former Ministry of Social Welfare and produced its second national child labour survey. In *Papua New Guinea*, the National Research Institute has trained cadet researchers on child labour rapid appraisal techniques. In *Nepal*, the questionnaire developed by IPEC–SIMPOC was used in the National Labour Force Survey. The Central Statistical Offices in *Jordan* and *Yemen* utilized the ILO–SIMPOC methodology and benefited from capacity-building statistical initiatives delivered by the ILO in the implementation of the countries' first child labour surveys. SIMPOC tools have also been used in *Bangladesh, India, Mongolia, Philippines, Sri Lanka* and *Viet Nam*. Research work was carried out in 2009 in the territory under the Palestinian Authority on the worst forms of child labour, in collaboration with IPEC and the International Training Centre of the ILO (Turin Centre). The main findings and recommendations of this work item will serve as key elements of the ILO resource manual being compiled on the worst forms of child labour in conflict-affected settings targeting relevant humanitarian actors.

**376.** In *Pakistan*, a number of districts are producing periodic reports on child labour. In early 2010, *Indonesia* released the findings of its 2009 national child labour survey, while the *Lao People's Democratic Republic* is initiating its first-ever national child labour survey.

#### Capacity development

**377.** The ILO has also supported capacity development, mainly by using IPEC training materials. In *Bangladesh*, for example, the ILO has supported capacity development on child labour and education, in collaboration with UNESCO, UNICEF and the Turin Centre. *Cambodia* has benefited from a number of ILO–IPEC tools, including a Khmer version of the ILO's kit on Supporting Children's Rights, through Education, the Arts, and the Media Training (SCREAM); labour inspection enforcement tools; Gender Equality in Action Against Child Labour; and the "3-R training kit on rights, responsibilities and representation". Capacity building on women's enterprise development, financial education for families and self-help group formation in *Cambodia*, resulted in improved livelihoods and the withdrawal and prevention of the worst forms of child labour among 3,000 families. In *India*, the Government of Gujarat adapted

and translated IPEC-supported manuals and materials for the State Action Plan for the Elimination of Child Labour, which is supported by the ILO. In *Pakistan*, Khyber Pakhtunkhwa (previously known as the North West Frontier), Sindh and Punjab provinces have used “Child labour – an information kit” and the SCREAM kit to sensitize primary and secondary school teachers and members of parent teacher councils. In *Thailand*, the ILO–IPEC “Safe Work for Youth” packet developed by IPEC has been adapted and reproduced in Thai and Burmese for young workers.

### Legislation

**378.** Many countries have also been adapting their legal frameworks:

- *India* – The Ministry of Labour and Employment has revised the list of hazardous occupations on an ongoing basis under the Child Labour Prohibition and Regulation Act, 1986, which now includes domestic work and work in restaurants and dhabas (small teashops), among others.
- *Indonesia* – In 2008, with support from the ILO, the Sukabumi district in West Java endorsed a district regulation on the prevention of trafficking in women and children, while the Tanjung Balai district in North Sumatra also endorsed a regulation on the elimination of the worst forms of child labour.
- *Mongolia* – In 2008, the list of hazardous occupations for minors was revised and adopted by the Ministry of Social Welfare and Labour.
- *Sri Lanka* – In 2010, the list of hazardous occupations was gazetted by the Ministry of Labour Relations and Productivity Promotion, under the Employment of Women, Young Persons and Children Act No. 47 of 1956.

### Targeting the worst forms of child labour

**379.** Across the region a number of governments have also been addressing as a priority the worst forms of child labour. In 2008, the Prime Minister of *Cambodia* approved a National Plan of Action on the Elimination of the Worst Forms of Child Labour. In 2008, the Government of *Pakistan* formulated the National Time-Bound Programme Framework to combat the Worst Forms of Child Labour, 2008–16. In 2009, in *Thailand*, the Cabinet approved a National Plan and Policy on the Elimination of the Worst Forms of Child Labour (2008–14). And, in *Sri Lanka*, the Road Map to 2016 for the elimination of the worst forms of child labour was established. Meanwhile, the *Philippines* has entered into Phase II of its National Plan of Action to eliminate the worst forms of child labour.

*Governments have been addressing as a priority the worst forms of child labour*

### Conditional cash transfers

**380.** One mechanism that is increasingly showing promise is conditional cash transfers (CCTs) to poor and vulnerable families, which provide incentives for them to send their children to school. CCTs related to education operate in *Indonesia*, *Philippines* and the State of Uttar Pradesh in *India*. Other similar schemes, such as the Child Grant, enjoy universal coverage – for example, in *Mongolia*. *Bangladesh* has a number of CCTs, such as the Primary Education Stipend Programme. In *Pakistan*, the “Pakistan Bait ul Maal” provides a conditional cash incentive to a family with children who are admitted to school, who attend at least 80 per cent of the time. In *Indonesia*, the CCT pilot scheme, Program Keluarga Harapan, targets very poor households.

**381.** Other significant policy measures for ending child labour have included:

- *Bangladesh* – The national child labour eradication policy was adopted in 2010.
- *Cambodia* – The ILO has provided input towards the development of a national social protection strategy for the poor and vulnerable, which includes the elimination of child labour and promotion of educational access as critical priority areas.

- *Mongolia* – The Government has set a target of eliminating child labour in mining by 2015, and has also adopted a State Policy on Herders – which pays special attention to ending the worst forms of child labour in the animal husbandry sector.
- *Pakistan* – With technical support from the ILO, the new National Education Policy (2009) addresses the educational concerns of working children, calling for a new non-formal educational stream in all government schools. Advocacy by ILO constituents has ensured that the Pakistan Social Protection Strategy identifies child labour as a special target group.
- *Sri Lanka* – Child labour concerns have been mainstreamed into the national Youth Employment Policy.

#### *Targets and monitoring*

**382.** Some countries have also set numerical targets. As part of its MDG strategy and its DWCP, *Cambodia* aims to reduce the proportion of working children from 16.5 per cent in 1999 to 8 per cent in 2015. *Indonesia* has also set numerical targets for the elimination of child labour as part of its DWCP, setting out to attain a 25 per cent reduction of the incidence of the worst forms reported in 2008. Other countries have been strengthening their monitoring systems. In *India*, the State of Tamil Nadu has established a child labour monitoring system in the Virudhnagar district, while the State of Maharashtra has established one in the Amaravati district. In *Indonesia*, child labour monitoring is being used in East Java to prevent the entry of children into localities where there is prostitution. In *Nepal*, multi-stakeholder child labour monitoring committees at the village level have been established to identify and refer children to service providers, and to encourage the community to take responsibility for its children.

#### *Social partners*

*The ILO has helped employers' organizations and trade unions take action against child labour*

**383.** Across Asia and the Pacific, the ILO has helped employers' organizations and trade unions take action against child labour. These organizations have formed networks to mobilize against child labour and to promote the ratification of Conventions Nos 138 and 182, and have taken initiatives to create and enhance knowledge and understanding of the issues. Trade unions, in particular, have been involved in the identification and monitoring of child labour, and have reached out to work with employers on social dialogue and to promote core labour standards, with a view to ensuring decent work for adult workers and making it possible for children to participate in education. Employers are making child labour issues an integral part of their codes of conduct. Employers' organizations and trade unions have formed new partnerships with a range of NGOs to contribute to the design and implementation of interventions, working directly with the children and their families. In addition to work on the ground, with and through their members, the trade union members have taken the agenda to the policy-makers, as well as to steering and advisory committees; furthermore, they are raising the issue in villages, towns and in international forums, to ensure that globalization will put an end to child labour and not perpetuate it.

**384.** To strengthen further the role of workers' organizations, ACTRAV and IPEC have a programme that trains representatives of workers' organizations and establishes a network of focal points.

- *Bangladesh* – The Smart Business Initiative Alliance brings together a diverse group of organizations to raise awareness, develop capacity and implement work improvement programmes.
- *Cambodia* – The partnership with PACT Against Child Labour, an umbrella union against child labour, composed of five union federations, led to a trade union code of conduct and plan of action. Awareness raising and advocacy strategies have been pursued with the Cambodian Federation of Employers and Busi-

ness Associations. The trade unions have also successfully carried out direct interventions benefiting children in the brick making, fishing and salt sectors.

- *China* – The WISE network has promoted practical, voluntary action by owners and managers of SMEs to improve working conditions. In Yunnan Province, the Women’s Federation has worked with the provincial Labour Bureau and the All-China Federation of Trade Unions (ACFTU) to conduct a joint child labour campaign.
- *India* – With support from ACTRAV and IPEC, trade union campaigns and advocacy work were undertaken to promote the ratification of the child labour Conventions. The trade union network, the Andhra Pradesh Federation of Trade Unions for the Elimination of Child Labour, and the Consortium of Employers’ Associations for the Elimination of Child Labour, continued their work. The social partners were also involved in the campaign organized by the National Commission on the Protection of Child Rights, with support from the ILO and UNICEF.
- *Lebanon* – The ILO implemented a capacity-building programme targeting trade unions and employers’ organizations, including the establishment and operationalization of child labour units.
- *Mongolia* – The teachers’ union organized a national campaign on education and child labour. The Mongolian Employers’ Federation addressed child labour as part of its programme on corporate social responsibility, while the Confederation of Mongolian Trade Unions, focusing on mining, construction and the informal economy, worked on the protection of young workers and the elimination of child labour. In addition, the National Network Against the Worst Forms of Child Labour, comprised of 26 organizations including the social partners, was established as a forum for social dialogue and tripartism.
- *Nepal* – Focusing on bonded child labour, the two major trade union centres, the General Federation of Nepalese Trade Unions and the Nepal Trade Union Congress – Independent, set out to attain minimum and equal wages for men and women in agriculture in eight districts, and undertook joint activities with the Government and other stakeholders.
- *Pakistan* – In 2007, the ILO undertook a rigorous consultative process involving the tripartite constituents in Pakistan, the international trade unions and employers’ organizations, and the sporting goods industry, which resulted in the 2007 Sialkot Initiative, a consensus on an integrated decent work approach to child labour, and broader labour and livelihood issues in Sialkot district.

### Partnerships

**385.** The ILO has also been consolidating its partnerships with regional bodies and the United Nations. In mid-2009, the ASEAN countries agreed to support an ILO initiative to develop a road map to eliminate the worst forms of child labour in the subregion by 2016. Furthermore, the ILO has drafted a strategy paper for ASEAN that is likely to be endorsed in the near future. The ILO has also been working closely with APEC, and in 2006 released a joint publication: *Out of school and into work: Our development challenge*. Cooperation with APEC is continuing, with a view to developing an APEC plan of action for ending child labour. The ILO has participated in numerous SAARC activities on trafficking and child trafficking to enhance awareness of child labour issues. It is also working with entities like the South Asia Initiative to End Violence Against Children and the South Asia Coordinating Group on Action against Violence Against Women and Children, to integrate child labour issues increasingly into the work of SAARC, its countries and bodies that work closely with it.

**386.** In all countries in the region, the ILO works closely with other UN agencies as part of the UNDAF process. In 2008, the ILO–UNICEF collaboration on World Days Against Child Labour evolved into a massive civil society campaign in *India*, with the involvement of the ILO tripartite constituents. The United Nations Development Fund

### Box 8.2. The cost of eliminating child labour in Cambodia

The Understanding Children's Work project undertook an analysis to estimate what it would cost *Cambodia* to end the worst forms of child labour by the global target of 2016, as well as to reach Cambodia's 2015 MDG target of reducing the incidence of child labour to 8 per cent. To arrive at the cost, the project looked at a core intervention package that would involve: identification, referral, second chance/non-formal education (NFE), formal schooling, vocational training, family economic empowerment, and monitoring, as well as capacity-building and institutional management costs. The conclusion was that the cost over a nine-year period, depending on Cambodia's economic growth rate, and the speed with which the programme was phased, would be between \$50 million and \$90 million.

for Women (UNIFEM) is also a key partner. In South Asia, the ILO has been collaborating with UNIFEM on issues of child trafficking in the SAARC region, and it provided technical input for setting up an Anti-Trafficking Think Tank Core Group, comprised of representations from national governments of South Asian countries, NGOs, United Nations agencies, inter-governmental organizations and bilateral agencies. In *Thailand*, the ILO is collaborating with the United Nations Inter-agency Project on Human Trafficking of UNDP to conduct research on the impact of the economic crisis on child labour. In the *Syrian Arab Republic*, an ILO–UNICEF joint programme is being implemented with direct financial contribution of the Ministry of Social Affairs and Labour.

**387.** One of the key inter-agency research cooperation vehicles is the Understanding Children's Work (UCW) project. Through this project, the ILO, World Bank and UNICEF have published a variety of analytical reports in *Bangladesh*, *Cambodia*, *India* (Andhra Pradesh) and *Mongolia*. In *Cambodia*, for example, the project released two reports – a 2006 situation analysis of child labour, and a 2009 assessment of resource requirements to end the worst forms of child labour by 2016 (box 8.2).

## Achievements in promoting youth employment

*Youth are three times more likely than adults to be unemployed*

**388.** In Asia and the Pacific, youth are three times more likely than adults to be unemployed, and the region has half the world's unemployed youth (table 8.2). Young people are more susceptible because they face specific disadvantages such as lack of experience, scarce access to credit, and lack of organization and voice. The situations faced by young women and men are often different, which implies that gender equality concerns need to be addressed when tackling youth unemployment.

**389.** Unemployment figures, albeit alarming, provide only a partial description of the region's youth employment problems. Among the unemployed, youth are often those who are better off and higher educated – and hence struggle to find a job that suits their qualifications – or lose their jobs because of “last hired, first fired” policies. Worse off are the poorer youth who cannot afford unemployment, who are more likely to be underemployed in the informal economy – occupations that are also likely to be socially unprotected or hazardous.

**390.** A number of countries will experience significant increases in their youth populations in the coming years. *Timor-Leste*, *Pakistan*, *Papua New Guinea*, *Philippines* and the Arab States, in particular, will have many more young people who will need productive employment opportunities. These countries will need to achieve steady economic growth and develop appropriate employment and social policies to help young people overcome their specific problems and vulnerabilities. Making employment central to economic and social policies (see Chapter 5) is a cornerstone of addressing the youth employment challenge.

**Table 8.2. Youth unemployment in Asia and the Pacific, 2010**

	East Asia	South Asia	South-East Asia	Pacific	Arab States
Youth unemployment (millions)	11.98	16.13	7.96	0.06	2.17
Male	7.03	10.64	4.56	0.03	1.46
Female	4.94	5.49	3.40	0.03	0.71
Youth unemployment rate (%)	8.3	10.1	14.3	6.4	27.2
Male	9.7	9.6	14.0	5.5	23.3
Female	6.9	11.1	14.7	7.4	41.5
Ratio of youth to adult unemployment rate	2.5	3.4	4.7	4.0	4.3

Source: ILO: *Trends econometric models*, op. cit.

### Box 8.3. Social dialogue and youth employment

Protecting the rights of young workers and boosting skills training and productivity depends on effective social dialogue. In the *Indian State* of Tamil Nadu, for example, the workers' and employers' organizations in the textile sector have agreed on a Memorandum of Understanding to support the training of 50 young people at regional polytechnic colleges. The agreement was the first of its kind and included references to freedom of association and the right to collective bargaining. In parallel, the Tamil Nadu Department of Technical Education has collaborated with the Employers' Federation of Southern India in developing curricula at polytechnic colleges and trained 280 young people in the first year. In *Cambodia* and *Viet Nam*, employment organizations have collaborated with government departments to prepare training curricula for key business sectors. The ILO–Norway interregional project on social dialogue and youth employment supported the above achievements and has similar ongoing activities in *Indonesia* and *Nepal*.

### Labour market information

**391.** One of the first priorities has been to improve labour market information on the specific barriers that young people face, including the ease or difficulty of the school-to-work transition. With the support of the ILO, several countries – including *China*, *Indonesia*, *Islamic Republic of Iran*, *Jordan*, *Mongolia*, *Nepal*, *Philippines*, *Sri Lanka*, *Syrian Arab Republic* and *Viet Nam* – have conducted school-to-work transition surveys. In *Pakistan*, the ILO merged such a survey into the national labour force survey framework, resulting in a pilot covering 2,544 households.

### National action plans

**392.** Taking improved ILO-supported situation analyses as a basis, a number of member States – *Indonesia*, *Islamic Republic of Iran* and *Nepal* – have developed national action plans on youth employment. In *Sri Lanka*, such a plan has recently been incorporated into the Ministry of Youth's business plan. In *Timor-Leste*, the Government has endorsed a National Youth Employment Action Plan, which provides a framework for employment generation, employability, entrepreneurship, and gender equality. In *Cambodia*, the ILO is collaborating with the Government for the finalization of a National Youth Policy, while in *Nepal*, the National Planning Committee, with the support of the ILO, will integrate the National Action Plan on Youth Employment into the upcoming three-year national development plan.

**393.** Several countries also have specific programmes targeting youth. *Mongolia*, for example, has a programme for promoting employment for university graduates. *Indonesia* has established an Indonesian Youth Employment Network, which addresses youth employment through strategies for local economic development, knowledge sharing and apprenticeships, within the framework of the Youth Employment Network (YEN), for which Indonesia has been the region's lead country. *Sri Lanka* has recently completed the application process.

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#### **Profile N: Sri Lanka**

“Mentoring a new entrepreneur.”

*Puspakumara, Kegalle, Sri Lanka*

Puspakumara is a young entrepreneur who runs a TV and mobile phone repair business in Kegalle. The shop is the fruit of his hard work, his technical skills, and of the support provided by the mentoring programme made available by the collaboration between the Chamber of Commerce and the ILO under its Youth Employment Project (ILO–Japan). Through the programme, promising young entrepreneurs are selected by trained mentors, supported with experienced advice, provided with a micro-loan and integrated in mentors' social and business networks.

Puspakumara lost the use of both his legs and one arm when he was only a year old, after undergoing a difficult operation on his spine. At the age of height he left his parents' home for a house for disabled people. By chance, Puspakumara met one of the mentors of the Chamber's programme, who quickly spotted this young entrepreneur's potential. In a few weeks, Puspakumara prepared a business plan and successfully received a Rs.35,000 loan, topped up by a grant offered by the house for disabled people where he stays.

In addition, the mentor's network of contacts allowed Puspakumara to find a shop. Today, Puspakumara runs a well-established repair shop where a continuous flow of customers leaves little doubt as to the quality of his work. He comes to the shop alone every morning and gets picked up by someone in the evening. People from neighbouring shops help him open up and shut down his workshop, while he regularly drives to town to buy spare parts.

When asked about the major challenges he faces today in carrying on his business and making it grow, the answer is surprising: “No particular challenges, apart those caused by having too big a social network – if too many of your customers are your friends as well, raising prices and denying credit become serious issues.”

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#### *Self-employment*

**394.** A powerful means of economic empowerment for young people can be self-employment. However, establishing a business is difficult and the failure rate of micro and small businesses is relatively high. Business education and support services therefore play a crucial role. The ILO offers a well-proven school curriculum, Know About Business (KAB), which aims to foster an enterprise culture by promoting awareness among students. KAB is currently being used in *Cambodia, Indonesia, Lao People's Democratic Republic, Mongolia, Papua New Guinea, Philippines, Sri Lanka, Timor-Leste* and *Viet Nam*. In *Indonesia*, for example, the Ministry of National Education has adopted the KAB curriculum in its teacher training programme. In *China*, as a result of a close partnership between the All-China Youth Federation and the ILO, the KAB programme (introduced in 2006) is now being taught in 92 universities in 25 provinces, and has reached an estimated 15,620 students.



**395.** In the *Arab States*, the entrepreneurial culture can be slow to develop: in the GCC, many men and women aim primarily for a career in the public sector. However, in recent years, governments have risen to the challenge and are now including entrepreneurship education in their vocational and technical education systems – as in Iraq, Lebanon, Oman, territory under the Palestinian Authority, Syrian Arab Republic and Yemen. In the *Syrian Arab Republic*, for example, the ILO, in collaboration with SHABAB – a Syrian youth-focused NGO – and under the patronage of the First Lady, implemented the KAB programme in vocational training centres and technical institutes in 2006. Now it forms part of national curricula and, to date, the ILO–SHABAB project has reached approximately 32,000 students in nine governorates. In *Yemen*, the ILO, in collaboration with the SME Promotion Agency under the Social Fund, introduced the KAB programme in 2008, and the programme is now being delivered in 21 vocational institutes to 1,657 students. In 2010, the Ministry of Technical Education and Vocational Training approved the national roll out of the KAB programme and its inclusion in the national vocational and technical curricula.

*In the Arab States governments are now including entrepreneurship education in education systems*

**396.** A number of countries have been using the ILO's SIYB training package for young people, a pragmatic business tool – the goal of which is to develop a bankable business plan based on a solid business idea. In *Nepal*, for example, local governments have adopted a simplified version of SIYB suitable for young micro-entrepreneurs. *Vanuatu* also has a modified SIYB package adapted for youth in Pacific Island countries; in the medium term, training will be led by the Vanuatu Chamber of Commerce and Industry.

#### *Access to finance*

**397.** The ILO has complemented business training and education for young entrepreneurs with support for improving access to finance. In *Sri Lanka*, for example, the youth wing of the Ceylon Chamber of Commerce has established, with ILO assistance, mentoring services with attached microfinance schemes. In *Indonesia*, provincial governments in South Sulawesi and West Papua, with ILO support, have established programmes for young people, in which SIYB training is integrated with microcredit.

#### *Vocational training*

**398.** Young entrepreneurs and other young workers have also benefited from TVET. By way of example, *India* has, under the INDUS pilot project and in partnership with the United States Department of Labor and the ILO, established a national vocational training policy and programme and a Skill Development Initiative (2004–09). In *Timor-Leste*, the Government has improved access to training through the establishment of the Employment and Vocational Training Fund (FEFOP) managed by the Secretariat of Vocational Training and Employment. The Secretariat has developed a monitoring methodology to track beneficiaries and keep a record of young people finding jobs.

**399.** In the *Arab States*, TVET institutions absorb relatively few young people, especially young women, primarily because of a perception that these institutions provide skills associated with manual labour dominated by men. In Yemen and in the occupied Arab territories, the ILO has been assisting with strategies to better integrate young women into the TVET system.

**400.** Constituents in several countries have incorporated the ILO's tools for skills training into national TVET curricula. The Government of *Pakistan*, for instance, has adopted the ILO's Training for Rural Economic Empowerment (TREE) methodology to reach some 300,000 youth across the country. In *Vanuatu*, the National Training Committee is in the process of accrediting a Pacific-specific, stand-alone component of TREE.

### *Employment services*

*Young people also need complementary employment services*

**401.** While accessible and relevant training is crucial, young people also need complementary employment services. In *Afghanistan*, for example, the Ministry of Labour, Social Affairs, Martyrs and Disabled, has established emergency employment services targeting young people. And in East Java, *Indonesia*, the Office of Manpower is providing employment service centres for young people.

### *Vulnerable youth*

**402.** Many governments are also targeting their support towards the most vulnerable youth, including young women, youth with disabilities, conflict-affected youth, and young migrant workers. In *Cambodia*, *Lao People's Democratic Republic* and *Viet Nam*, the Governments have been helping young women entrepreneurs start and improve their own businesses. In *Indonesia*, local economic development strategies supported by the ILO have focused on rural youth. Young people also account for 30 per cent of Asia–Pacific migrant workers, who face challenges such as lack of social protection and healthcare, and unjust and exploitative work conditions. In addition, young migrants are the most vulnerable to trafficking and exploitation. The ILO supports the Mekong Youth Forum, which has young representatives from *Cambodia*, *China*, *Lao People's Democratic Republic*, *Thailand* and *Viet Nam*. The ILO has also provided assistance to youth affected by complex emergencies. The Government of *Timor-Leste*, with technical aid from the ILO, is running a \$10-million, employment-intensive rural road works programme that specifically targets young people and women.

### *Knowledge sharing*

**403.** Countries across the region have much to gain by sharing knowledge on “What works” in youth employment promotion. In 2008, constituents, members of NGOs, academia, and United Nations colleagues from throughout the region, came together to express their interest in establishing a knowledge-sharing mechanism. The ILO has therefore coordinated a process for the establishment of APYouthNet, a regional Community of Practice focused on creating better opportunities for young people through the Asian Decent Work Decade Knowledge Network. More than 500 members have been meeting, both on APYouthNet’s online platform and face to face, to compare strategies and share good practices.

## Chapter 9

### *Improved governance of labour migration*

**404.** Asia is currently the world's most dynamic economic region. Consequently, it is not surprising that labour in the region is also "on the move". Over 25 million Asians are working outside their home countries, representing about a quarter of the world's migrant workers.<sup>71</sup> The number of migrants in the region is expected to rise further as a result of economic growth, labour shortages, demographic trends, income disparities, human security issues, migrant networks, and the effects of climate change.

*Over 25 million Asians are working outside their home countries*

**405.** In recent years, the profile of migrants has changed. While the majority of Asians still migrate to the Gulf States, more and more are moving to countries in East and South-East Asia. In South-East Asia, the major countries of origin are the *Philippines, Indonesia, Myanmar* and the *Philippines*; in South Asia they are *Bangladesh, India, Pakistan* and *Sri Lanka*, each with more than 1 million workers employed overseas. Among the smaller countries of the Pacific, *Fiji, Samoa, Tonga* and *Vanuatu* have large proportions of their labour forces working in Australia and New Zealand. The majority of migrant workers are men, especially in construction, but the proportion of women is steadily rising, primarily for domestic work – mostly from *Bangladesh, Cambodia, Indonesia, Lao People's Democratic Republic, Myanmar, Philippines* and *Sri Lanka*. Migrant workers from most of these countries are around 50 per cent or more female.

**406.** There is evidence of the feminization of migration. For example, the proportion of registered female migrants in *Thailand* from *Cambodia, Lao People's Democratic Republic* and *Myanmar* increased from 29 per cent in 1998 and 44 per cent in 2004, to 46 per cent in 2009.<sup>72</sup> Women made up 87 per cent of all regular migration from Cambodia to Malaysia over the past decade, with a 100 per cent of the share of domestic workers, and a 53 per cent – and growing – share of factory workers.<sup>73</sup> A 2009 survey by the National Statistics Office in the *Philippines* found that 47.2 per cent of overseas Filipino workers were female, but they formed the majority of those aged 25–34 years.

**407.** Labour migration in the region is growing because it can offer substantial benefits to migrant workers and their employers, and to the countries of origin and destination. With a recovery in global demand, remittance flows to the East Asia and Pacific region are expected to grow at 7.2 per cent and 8.5 per cent in 2011 and 2012, respectively, to reach \$106 billion in 2012.<sup>74</sup> For the destination countries, migrant workers support key economic sectors, alleviating skill and worker shortages. In *Thailand*, for example, an ILO study in 2007 found that migrant workers make a net contribution of about \$53 million per year to the economy.

*Labour migration can offer substantial benefits to the countries of origin and destination*

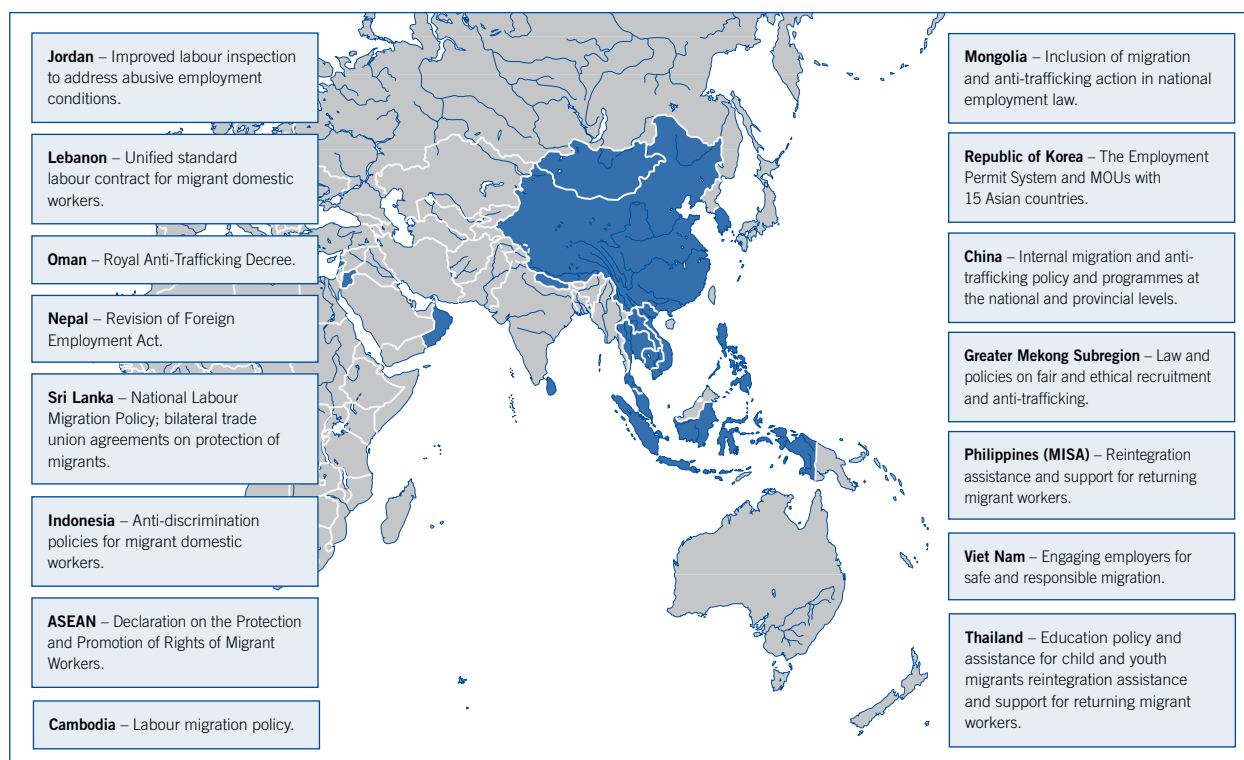
<sup>71</sup> World Bank: *Migration and Remittances Factbook 2011* (Washington, DC, 2010).

<sup>72</sup> International Organization for Migration (IOM) data cited in "Gender-related impacts of the global economic slowdown – Preliminary overview highlights », in *Gender and Development News*, ADB, South-East Asia Department (SEAGEN Waves), Vol. 3, Issue 1 (October 2009).

<sup>73</sup> Royal Government of Cambodia: *Statistics on migrant workers to Malaysia*, Department of Employment and Manpower, Ministry of Labour and Vocational Training (June 2009).

<sup>74</sup> World Bank : *Migration and Development Brief 13* (Washington, DC, 2010).

Figure 9.1. Snapshot of ILO support in improving governance of labour migration



**408.** Most migrants in the region are temporary – employed on short-term contracts. They often have to pay large sums to private recruitment agencies, which can lead them into debt or debt bondage. Migrants with irregular status are even more vulnerable to abuse and exploitation. Asia and the Pacific has an estimated 60 per cent of the world’s victims of trafficking – many of whom are from *Bangladesh, China, India, Myanmar, Nepal, Pakistan, Thailand* and *Viet Nam*.<sup>75</sup>

**409.** With the onset of the global economic crisis it was feared that many migrants would lose their jobs. In East and South-East Asia, several governments announced a freeze in the hiring of migrant workers or cut quotas for migrant workers. Many workers were laid off and had to return home prematurely, often laden with debts that they took on for the opportunity to migrate. But possibly the biggest impact of the crisis on migrants has been the erosion of rights and working conditions. Nevertheless, some studies have shown that remittances have risen in the past year, probably because workers need to provide extra assistance to their families who are enduring tougher conditions at home.

## ILO strategy

**410.** The ILO migration strategy is anchored in fundamental rights at work, the international Conventions on migration, and the ILO Multilateral Framework on Labour Migration. These principles and guidelines are the building blocks for sound migration policy and good governance, and can help ensure significant development dividends for migrants, employers, and the countries of origin and destination.

<sup>75</sup> ILO: *A global alliance against forced labour*, Report of the Director-General, Global Report under the Follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, International Labour Conference, 93rd Session, Geneva, 2005.

**411.** The ILO supports the formulation of coherent, gender-sensitive and transparent policies that are based on evidence, long-term interests and respect for human rights. In addition, a range of ILO programmes target the most vulnerable, including child migrants, trafficked persons, and migrants in risk sectors that are often unprotected by labour laws, such as women in domestic work or men on fishing boats. Interventions cover the different stages of the migration cycle: at origin, in transit, at destination and on return.

**412.** The ILO's comparative strengths in migration lie in its tripartite structure, the facilitation of mechanisms for achieving broad social consensus, and unrivalled expertise in the world of work. The individual and collective strengths of governments, workers' and employers' organizations are harnessed for the drafting and implementation of labour migration policy and programmes. By definition, the governance of international labour migration also requires extensive bilateral and multilateral cooperation, as well as close collaboration with other international organizations and regional bodies.

*The ILO's comparative strengths in migration lie in its tripartite structure*

## Regional cooperation

**413.** At the Asian Regional Meeting in Busan in 2006, the Asian member States requested that the Office give greater attention to regional dialogue on the management of labour migration. Since then, the ILO has contributed to regional dialogue through a number of platforms, including:

- *ASEAN* – In 2007 the countries of ASEAN issued a Declaration on the Protection and Promotion of the Rights of Migrant Workers. The Roadmap for the ASEAN Community 2009–15 also underscores the importance of protecting migrants' rights. To advance the ASEAN vision, the ILO has supported the ASEAN Forum on Migrant Labour, which has helped to foster relationships between ASEAN constituents, and facilitated joint action to promote more orderly forms of migration and enhance bilateral and multilateral cooperation.
- *COMMIT* – The Greater Mekong Subregion's Coordinated Mekong Ministerial Initiative against Human Trafficking (COMMIT) is a formal alliance to combat human trafficking in *Cambodia, China, Lao People's Democratic Republic, Myanmar, Thailand* and *Viet Nam*. The secretariat is provided by the United Nations Inter-Agency Project on Human Trafficking. In addition to sitting on the board of COMMIT, the ILO is supporting the process with technical advisory services related to prevention, particularly addressing exploitative brokerage practices and improving workplace protection. The Greater Mekong Subregion (GMS) governments have undertaken a Joint Declaration on Human Trafficking with commonly agreed plans of action to tackle the problem. The Declaration and action plans clearly recognize the forced labour aspects of human trafficking in the GMS.
- *SURAC* – A Subregional Advisory Committee was convened by the Mekong Subregional Project to Combat Trafficking in Children and Women. This Committee, representing five countries of the GMS, brought together the key stakeholders in counter-trafficking and labour migration efforts to discuss common issues and examine emerging approaches across sending and receiving countries.
- *Mekong Youth Forum* – The ILO partnered with other international organizations to promote youth participation in policy dialogue on human trafficking and migration. Young migrants and potential migrants from trafficking-prone communities in six countries participated in national events and at the Mekong Youth Forum to consider ways of combating trafficking. The 2007 Forum resulted in a commitment from COMMIT senior officials to consult affected groups in the formulation of future policy.

## Improving the governance of labour migration

### Information

**414.** Since 2007, the Office has partnered with the Scalabrini Migration Center in Manila in setting up the Migration Information System in Asia (MISA), which has developed a network of focal persons or country coordinators. These persons are responsible for collecting migration data in 13 economies: Bangladesh, China, Hong Kong (China), India, Indonesia, Malaysia, Nepal, Pakistan, Philippines, Republic of Korea, Singapore, Thailand, and Viet Nam. The MISA's database<sup>76</sup> contains stock and flow data of migrants, analysed over time – and disaggregated by gender.

### Research

**415.** The ILO has published research on migration governance structures, social security coverage for migrant workers, and regulation of migration. Furthermore, it has spearheaded efforts to improve recruitment practices and shed light on the nexus between labour exploitation/migration and human trafficking in the GMS. The *Mekong Challenge* series addressed common misconceptions about human trafficking, contributing towards a paradigm shift in the approach to counter-trafficking efforts, especially interventions in counter trafficking for labour exploitation, which had previously been under-resourced. The ILO has also conducted significant research on public attitudes towards migrant workers in *Thailand*. In 2010 similar studies were carried out in at least three major destination countries in the region: *Malaysia, Republic of Korea* and *Thailand*. The ILO has carried out surveys in the *United Arab Emirates* and in *Kuwait* on the living and working conditions of migrant workers. On the basis of the information gathered, an attempt is made to establish: the factors contributing to migrants' anxieties in destination countries; the sources of their insecurities; and the way in which economic, labour and social policies might improve their situation, while at the same time promote sustainable economic dynamism.

### Fair recruitment and anti-trafficking legislation

*Fair recruitment practices are a major concern*

**416.** One of the ILO's main priority areas is fair recruitment practices. For example, constituents and recruitment agencies collaborated on the development of the GMS recommended guidelines for migrant recruitment policy and practice. In addition, the ILO's Special Action Programme to combat Forced Labour supported the Viet Nam Association of Manpower Supply's efforts to develop a code of conduct to complement national legislation and regulations and protect vulnerable workers. As a part of the COMMIT process, the Governments of *Cambodia* and *Thailand* have enacted anti-trafficking legislation, and the Governments of *China, Lao People's Democratic Republic* and Viet Nam have completed National Plans of Action.

**417.** In the *Republic of Korea*, the ILO has been closely involved in the development of the Employment Permit System, through which the Government has concluded Memoranda of Understanding with 15 countries in Asia: *Bangladesh, Cambodia, China, Indonesia, Kyrgyzstan, Myanmar, Mongolia, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, Timor-Leste, Uzbekistan* and Viet Nam. In national and regional workshops, the ILO has been training government offices engaged in the Employment Permit System and helping to improve the content of pre-departure training in the 15 origin countries.

### Trade unions

**418.** The Office has also collaborated with trade unions on the protection of migrant workers, primarily through the development and promotion of bilateral and multilateral

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<sup>76</sup> [www.smc.org.ph/misa](http://www.smc.org.ph/misa)

agreements between the trade union movements in source and destination countries. In 2008, this work included an interregional trade union meeting in Amman with participants from *Bangladesh, India, Indonesia, Nepal, Sri Lanka, Bahrain, Jordan, Kuwait, Oman, Yemen* and *Saudi Arabia*. This meeting led to a model trade union bilateral agreement on the protection of migrant workers' rights between the trade unions in Asian source countries and destination Gulf countries. This was followed up with agreements between three trade unions in *Sri Lanka* and trade unions in *Bahrain, Jordan* and *Kuwait*. In 2009, the ILO supported a visit by Sri Lankan trade union partners to the three countries to discuss the practical implementation of the agreements and other possible follow-up activities.

**419.** The ILO has also supported trade union efforts to assist migrant workers. For example, in *Hong Kong, China*, migrant domestic workers' trade unions have carried out a variety of activities, such as Sunday meetings for members, cultural events, and public meetings – as well as dialogue with the Government, the Indonesian Consulate and local employment agencies.

*The ILO has also supported trade union efforts to assist migrant workers*

### *Educating migrants*

**420.** Since 2007, the ILO has carried out the “Travel Smart – Work Smart” campaign that targets youth, aged 15–24 years, who are interested in migrating to work in the GMS. Booklets and other advocacy materials have been distributed widely – through schools, NGOs, government partners, and in train and bus stations. In *China*, safe migration, gender equality and life skills modules have been incorporated into the middle-school curriculum in several countries with high migrant populations. In *Thailand*, employers' and workers' organizations were also involved in identifying and campaigning against exploitative workplaces. In *Cambodia* and *Indonesia*, financial education is being provided to migrant workers with a view to stimulating equality and the productive use of remittances among migrant workers' families.

### **Profile O: Indonesia**

“As a former migrant worker I know how it feels being returned home without knowing what to do next.”

*Waniti, East Java, Indonesia*

When Waniti was repeatedly rejected by banks for a loan because of her lack of assets and financial backing, she responded with positive thinking. With other former migrant workers in Malang City in East Java, Indonesia, she helped form a cooperative to help other returnees and soon-to-be migrant workers.

“Before, I never thought of saving my income or investing it for business. Then, when I came back home from Hong Kong a few years ago, I did not know what to do to make a living in the village. I had trouble finding a new job and I could not get a loan from the bank to start something on my own”, she said.

Supported by the ILO through the Cross-Border Movement of Labour project, the cooperative provides training courses in areas such as self-empowerment, work safety issues, ways in which workers might save and remit their hard earned money home safely, and how to start a new business.

The cooperative continues to expand, and is now providing various products such as milk and fertilizer. It is also a main source of credit for 29 key members and 100 migrant families with a total capital of around \$13,000.

“As a former migrant worker I know how it feels being returned home without knowing what to do next, or how to use the savings wisely or even how to invest them”, says Waniti. “That is why we continue to provide information and assistance needed to former migrant workers on how to save, invest and start their own business.”

Waniti received an award from the Indonesian Ministry of Manpower and Transmigration earlier this year for her dedication and efforts to promote the effective use of remittances and income generation in migrant communities.

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#### *Domestic workers*

*Domestic work in some developing countries accounts for as much as 10 per cent of employment*

**421.** Since 2010, a particular focus of attention has been domestic work, which in some developing countries accounts for as much as 10 per cent of employment. With RBSA support, the ILO assisted the constituents in *Cambodia, China, India, Indonesia, Lao People's Democratic Republic, Philippines, Thailand* and *Viet Nam* in preparing for the international labour standard-setting discussions on decent work for domestic workers at the 2010 International Labour Conference, and developing legal and practical measures at the national level – supporting fact finding, advocacy, and consultations for better protection and organization of domestic workers. In consultation with migrant domestic workers, the Office produced a “smart guide” to explain the benefits and risks associated with domestic work. This has been published in Burmese, English, Karen (Po and Sakaw), Laotian, Shan and Thai, and has been distributed through trade unions, government offices and civil society partners. The dissemination of the guidebook dovetailed with efforts to assist trade unions and civil society groups – to organize both migrant and Thai national domestic workers in Thailand – into self-help networks. Similar action was supported in several Arab States, as indicated below.

**422.** A meeting to sensitize the Arab trade unions to the concerns of domestic workers was convened in November 2010. Sustainable improvement in the conditions of domestic work in the Arab region hinges on the self-organization of domestic workers, including women migrant domestic workers. Often they can neither join trade unions in their countries of origin, nor are they welcome in the trade unions of the countries where they work. The workshop aimed at enabling the formulation of a regional trade union position in support of decent work for domestic workers.

#### *Return and reintegration*

**423.** As part of an overall Asian Programme on the Governance of Labour Migration, the ILO is also implementing a three-year project: “Going back – Moving on: Economic and social empowerment of migrants, including victims of trafficking, returned from the EU and neighbouring countries”. This project targets Thai and Filipino returnees from the European Union and neighbouring countries and provides them with direct support services. It builds on a previous Japan–HSF-funded project in *Thailand* and the *Philippines*, “Economic and Social Empowerment of Returned Victims of Trafficking”, which ran from 2006 to 2009.

*The Government of Bahrain sought advice from ILO in reforming the kafil sponsorship system*

**424.** Other noteworthy country-specific activities include:

- *Bahrain* – The Government of Bahrain sought advice from ILO in reforming the *kafil* sponsorship system, and in 2009 it introduced changes that allow for greater mobility between jobs.
- *Cambodia* – The ILO assisted with the drafting of a labour migration policy document, which has been adopted by the Ministry of Labour and Vocational Training. As a result of ILO research, the Government has agreed to reduce the costs of passports from \$200 to \$20 and shorten the passport processing time to 20 days. A special effort was made to raise the awareness of young potential migrants through 21 episodes of the country’s most popular TV soap opera, “Taste of Life”. The drama reached an estimated 4 million viewers over the course of several weeks. Through its cast of characters, the ILO-supported storyline warned of the dangers of trafficking and ill-prepared migration. It was later rereleased as a motion picture in Cambodian cinemas.
- *China* – Through various programmes, the ILO has been working with tripartite constituents, as well as the All-China Women’s Federation and the Ministry of



Commerce, on the protection of internal and international migrants. This comprehensive range of activities covers everything from strengthening anti-trafficking policy at national and provincial levels; providing safe migration information and legal assistance to vulnerable migrants; enhancing the skills of young migrant workers; adopting measures to regulate the recruitment industry and improve employment services; and promoting reform of the labour inspection system in sectors where migrants are prevalent.

- *Indonesia* – The Migrant Workers’ Project contributes to the eradication of discrimination and exploitation of Indonesian migrant workers, and domestic workers in particular. The project adopts an integrated approach, with a view to addressing both the root causes and the impact of forced labour, and the trafficking of the most vulnerable migrants. Strategies include advocacy on migration policy; institutional capacity building; the establishment of coalitions of workers’ organizations; service provision; and targeted research.
- *Jordan* – With the support of the ILO, the Ministry of Labour has recruited additional labour inspectors to address problems of trafficking and abusive working conditions in the Qualified Industrial Zones. The ILO has also provided training to employers in these zones. In 2009, the Government adopted a law against trafficking and, with ILO technical support, prepared a national strategy against human trafficking.
- *Kuwait* – The Government of Kuwait has sought policy advice from the ILO on revamping the “kafala” (sponsorship) system to protect migrant workers better and to improve the country’s governance of migration.
- *Lebanon* – In 2009, the Government adopted a unified standard labour contract for migrant domestic workers and passed a decree for monitoring and regulating private placement agencies. These regulatory changes are a result of ongoing ILO technical support on promoting the rights of women migrant domestic workers.
- *Malaysia* – The ILO co-organized with the Ministry of Human Resources a National Symposium on Foreign Workers’ Policy, which explored the problems the country faced in the management of foreign workers; their impact on the labour environment; and the implications for labour policies, functions, and programmes.
- *Mongolia* – The ILO provided advice on the draft legislation on “employment of Mongolian citizens abroad and foreign citizens in Mongolia”.
- *Nepal* – The ILO advised the Government on the revision of the Foreign Employment Act, and on ways to structure the new Foreign Employment Promotion Board. The Nepalese Government has appointed labour attachés in the major destination countries of Nepalese migrant workers, and has requested assistance from the ILO to train them.
- *Oman* – In 2008, the Sultan issued a Royal Decree promulgating the law to combat trafficking in persons. With ILO support, the Ministry of Manpower has trained labour inspectors – on fundamental rights in general, and more specifically on forced labour and human trafficking.
- *Sri Lanka* – The ILO helped the Ministry of Foreign Employment Promotion and Welfare and the constituents draft a national policy on labour migration, grounded in the principles and guidelines of the ILO Multilateral Framework on Labour Migration. Based on this work, a model has emerged for developing participatory, rights-based national labour migration policy frameworks, which is now being applied in *Nigeria, United Republic of Tanzania* and *Zimbabwe*.
- *Thailand* – Working with educators, the ILO and its national NGO partners developed a preparatory education model for migrant children. Children were given access to six-month preparatory classes that included Thai language basics and social etiquette, Thai law, and life skills. Initially two schools took part in the project and by the end of the final year, some migrant children were attending regular school classes alongside Thai children.

- *United Arab Emirates* – The Government and the ILO reviewed the regulatory framework in order to make recommendations for its reform. This involved discussions with the Ministry of Labour, the National Human Resource Development and Employment Authority, and the Ministry of Interior, on priority areas for policy intervention.
- *Viet Nam* – The ILO supported the Ministry of Labour, Invalids and Social Affairs in formulating a new strategy on labour migration. It also helped the Viet Nam Chamber of Commerce and Industry organize activities to engage employers on the issue of internal labour migration and the trafficking of young persons.
- *Yemen* – In 2010 the Government, acting on the advice of the ILO, set up a “Yemeni workers abroad” Department to promote the employment of nationals in the GCC countries. The mandate of the Department is essentially to provide information to the Minister in support of migration policy formulation that reflects the ILO’s rights-based approach.

## *Concluding remarks and discussion points*

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**425.** The 15th Asia and the Pacific Regional Meeting provides a unique tripartite forum to review progress in the implementation of the Asian Decent Work Decade, and share experiences and lessons learned with a view to building a sustainable future with decent work.

**426.** Every four years, the Asia and the Pacific Regional Meeting brings together political, economic and social actors to review action taken by constituents with the support of the Office, and to set out future priorities. This report has highlighted the many accomplishments in the region spanning the entire spectrum of decent work objectives in the five clusters of regional priorities: (i) increasing competitiveness, productivity and jobs; (ii) improving labour market governance; (iii) extending social protection; (iv) eliminating child labour and creating opportunities for young people; and (v) improving the management of labour migration.

**427.** These regional priorities reflect the national priorities found in DWCPs, many of which are aligned with UNDAF priorities. At the same time, constituents have, over this period, had to face exceptional situations – notably natural disasters, and the global economic and financial crisis.

**428.** At global, regional and national levels, the importance of the Decent Work Agenda has found wide recognition outside the ILO in many global and regional forums. This was evident within ASEAN, for example, in the ASEAN Socio-Cultural Community Blueprint; in the Arab States, which endorsed a regional agenda for action based on the Global Jobs Pact at the Arab Employment Forum (October 2009); and among the Pacific Island countries in their “Pacific Action Plan for Decent Work” (February 2010). Added to these are decisions taken by international bodies, such the G20 and the United Nations. Indeed, the crisis has encouraged greater cooperation among regional and multilateral institutions in Asia–Pacific and beyond.

**429.** While much has been achieved, it is clear that many challenges lie ahead. As highlighted by the global economic crisis, there is still much to do to build the foundations for a more inclusive and balanced pattern of growth and fair globalization. As called for in the ILO Declaration on Social Justice for a Fair Globalization, the Office must take a more integrated approach and work with greater efficiency and effectiveness – putting emphasis on results-based management and knowledge development, and fostering more collaborative working methods. Such integrated approaches are also required at the national, regional and global levels, and within the multilateral system.

**430.** If constituents and the Office are to influence policy discussions and decisions, they will need sufficient knowledge and capacity. This, in turn, will require databases that can be used for evidence-based analysis and a tripartite sharing of experiences and good practices. For this purpose, the Asian Decent Work Decade Knowledge Network provides a promising start. But more efforts are needed. The collection, compilation and dissemination of real-time information on the policies and measures being applied by countries should become a standard feature of all areas of the ILO mandate and work in the region, in particular in DWCPs.

**431.** The region has recovered strongly from the global financial and economic crisis, and today is playing a critical role in holding up the fragile global economy. However, a noticeable trend across Asia and the Pacific has been significant diversity in terms of the speed of recovery, the geographical location of the country, the size of the economy, and the level of development. The ILO needs to better tailor its assistance to constituents to meet their diverse needs. An effort must be made to improve the quality of DWCPs on a continuous basis, and to strengthen policy integration. Macroeconomic policy frameworks focused on monetary policy and inflation targeting have, by and large, failed to deliver on the broader objectives of economic and social development. This suggests the need to broaden the horizon of macroeconomic objectives to encompass social objectives, notably the growth of productive investment and employment through sustainable enterprise; the expansion and consolidation of social protection; and the strengthening of labour market governance. A more integrated approach will also require greater collaborative cross-sectoral work across the Office. Staff are increasingly being asked to respond to problems that are at the crossroads of economic, social and environmental concerns – within the overall aim of promoting productive employment and decent work for all.

**432.** The Office has forged strong partnerships around decent work with the United Nations system, regional organizations and regional development banks. The ILO and the United Nations ESCAP have signed a Memorandum of Understanding to promote collaboration on issues such as the social protection floor, statistics, green growth, and labour migration, as well as the application of the United Nations System CEB Toolkit for Mainstreaming Employment and Decent Work. In 2007, the ILO and ASEAN signed a Cooperation Agreement, providing a framework for joint programmes and activities. A solid programme of collaboration has also been established with the GCC Council of Ministers of Labour and Social Affairs. The ILO and the ADB have also continued to strengthen their partnership based on the Memorandum of Understanding signed in 2002.

**433.** The ILO must pursue and deepen its work on policy coherence across regional and multilateral institutions in Asia and the Pacific. Building on recent encouraging developments, there is scope to further strengthen the partnerships, including within the United Nations system, regional organizations and regional development banks. The ILO also needs to engage with the growing momentum for regional integration, so as to incorporate policy approaches consistent with decent work into the processes associated with this momentum, and to ensure more balanced and sustainable outcomes. Asia's future, whether at the global, regional or national levels, must be charted on the basis of social dialogue and rights at work.

### ***Discussion points***

**434.** The 15th Asia and the Pacific Regional Meeting provides a tripartite platform for sharing experiences and identifying practical steps for attaining the goals of the Asian Decent Work Decade (2006–15). A number of specific points for discussion in relation to the key panel sessions are proposed below.

### **Coordinated macroeconomic, employment and social protection policies**

**435.** A post-crisis macroeconomic framework that fosters more inclusive and balanced growth in the region will require renewed commitment to full and productive employment as a core policy goal. This framework should ensure that the tax and benefit systems, as well as trade and investment policies, support employment, and that the gains from growth and productivity are more widely shared through improved wages, better working conditions and expanded employment opportunities.

It should also finance a basic social protection floor that includes access to health care, income security for the elderly and persons with disabilities, child benefits, and income security combined with public employment guarantee schemes for the unemployed and working poor. Realizing these opportunities will require increased policy coordination and coherence at global, regional and national levels.

- What experiences and lessons can participants share on implementing a macro-economic framework of price stability, fiscal sustainability and full and productive employment?
- What are the key needs for strengthening the capacity of government institutions responsible for macroeconomic employment and social protection policies, and how can workers' organizations and employers' organizations play a more effective role in this framework?
- How can the tax and benefit systems and trade policies be improved to support employment creation and productive investment in sustainable enterprises, while ensuring that the gains from growth and productivity are more widely shared?
- What experiences and lessons can participants share on financing and building a social protection floor?
- How can global, regional and national coordination enhance countries' fiscal and policy spaces to undertake coherent economic, employment and social protection policies?

## Productive employment, sustainable enterprises and skills development

**436.** Asia's drivers of growth cannot be successfully rebalanced without the expansion of decent work. Even before the crisis, the decent work deficit was a source of concern. There was a steady growth in non-standard and informal employment that involved low-paid and poor working conditions, which contributed to rising income inequalities in developing Asia. Many low- and middle-income economies will need to ensure that the formal economy is more accessible and attractive. This will require an enabling environment and supportive policies to promote sustainable enterprises and increase the efficiency and productivity of the informal economy – prerequisites if countries are to reduce poverty and empower people for moving into the formal economy. While highlighting country efforts, the discussion will also explore opportunities for increased investments in human resources development and improved working conditions, and the role of the social partners.

- With SMEs playing a substantial role in wealth and employment creation, what steps can ILO constituents take to promote a more conducive environment that enables small firms to generate more and better jobs?
- Are there successful examples of ensuring safe and healthy working environments at all workplaces? Which instruments and tools have proven effective in promoting safety and health cultures, especially in SMEs and the informal economy?
- Which are good examples of identifying future skills needs and developing a more coordinated and integrated approach to human resources development strategy that allow for inclusive and balanced growth? How can countries promote regional frameworks for competency standards and skills recognition to support labour mobility and international migration?
- What have been the successful approaches to skills development that have helped disadvantaged groups break out of the vicious circle of low-skill, low-productivity and low-wage employment, and empowered them to take advantage of emerging opportunities?

## Green jobs and a just transition

**437.** Constituents not only need to strive for full and productive employment and decent work for all, but also to address environmental changes, including climate change. For this purpose they should consider the promotion of “green jobs” – decent work that helps preserve the environment while promoting opportunities and equity. It will also be important to ensure a just transition that creates green jobs in different parts of the economy and enables enterprises, workers and their communities to adapt to this changing environment. A critical issue is to equip governments and social partners with tools with which they can diagnose the labour market impacts and opportunities, and identify the key issues linked to this transition.

- What experiences and lessons can participants share on efforts to promote green jobs and a just transition?
- How can specific green jobs policies promote decent and quality jobs – and in which sectors?
- A just transition to a low-carbon, climate-resilient economy calls for extended social protection schemes targeting the most vulnerable, including those in disaster-prone areas, the unemployed, women, youth, and micro- and small enterprises. Can the Green Agenda boost the development of social protection programmes throughout Asia and the Pacific – and in what way?
- Much remains to be understood as to the benefits and challenges related to green jobs. Constituents will need tools for anticipating shifts in the labour market, skills trends, and assessing the employment impacts of, and opportunities for, green policies. What are the priority needs of ILO constituents in research, knowledge sharing and capacity building?

## Rights at work and social dialogue

**438.** The region’s future must be anchored in the ratification of core and governance Conventions; respect for fundamental principles and rights at work; and effective mechanisms for dialogue, organizational rights and voice. Asia-Pacific has seen rising numbers of collective and individual disputes that are putting strains on dispute resolution mechanisms. In order to achieve decent work with fair wages, it is vital that governments reduce informality, regulate the employment relationship and address persistent discrimination. The best way to reduce income inequalities and support income-led growth is to ensure that workers have sufficient bargaining leverage in wage determination and protection. It will also be important to strengthen the link between productivity and wages through effective labour market institutions and social dialogue.

- How can countries answer the call of the ILO Declaration on Social Justice for a Fair Globalization to review their ratification record “with a view to achieving a progressively increasing coverage of each of the strategic objectives, with special emphasis on the instruments classified as core labour standards as well as those regarded as most significant from the viewpoint of governance covering tripartism, employment policy and labour inspection”?
- Countries throughout the region are also focusing more on establishing mechanisms for setting minimum wages. What are the experiences and lessons learned in this area? What experiences and lessons can participants share on strengthening the link between productivity and wages? What policies have countries in the region pursued to increase average – rather than minimum – wages in order to reduce inequality?
- What are the underlying causes of the rising number of strikes in certain countries and individual disputes in others? Most countries have institutions and procedures for preventing and resolving disputes. Are these adequate to the

current and future challenges? What are good practices in the region for preventing and resolving disputes quickly and fairly?

- What are the implications of rising informality, and temporary and casual work? What are the good examples of greater labour market flexibility being achieved through social dialogue rather than through proliferating precarious employment? What has been the effect of employment contract law reform on different kinds of employment growth?
- Statistics reveal persistent wage and income gaps between men and women in similar occupations, as well as an overrepresentation of women in the informal economy. What have been the lessons learned in the region in reducing these gaps – at enterprise, sectoral or national levels, or through non-discrimination laws, policies and institutions?
- Labour law reform has been a prominent feature in Asia and the Pacific over the past four years. How has social dialogue contributed to the quality of the legislation, and to the overall process of legal reform?





### ***Conclusions of the 14th Asian Regional Meeting***

1. The representatives of the governments and employers' and workers' organizations participating in the ILO Fourteenth Asian Regional Meeting thank the Government of the Republic of Korea for hosting this Meeting. Its generosity, hospitality and efficient organization have contributed to the success of the Meeting.
2. Since the last Asian Regional Meeting, many countries in the region have experienced strong economic growth and increasing prosperity. Regrettably, many countries have also undergone tremendous turmoil related to major natural disasters and political, economic and humanitarian crises. We express our sympathies and solidarity with the people affected and resolve to do our part to promote recovery, economic development, peace and social justice for all. Efforts to promote the reconstruction and restoration of livelihoods in war-torn, conflict-affected and disaster-stricken countries shall be given due priority.
3. We thank the Director-General for his two Reports describing the situation in the region with respect to decent work and poverty eradication. We note that the Reports reflect upon the great diversity of the region including its many successes and challenges. We are especially pleased to note that the ILO's Decent Work Agenda has become integrated into the national agendas of many countries in the region as well the international development agenda. We strongly endorse the Outcome document of the United Nations World Summit in 2005 and the Ministerial Declaration by the high-level segment of the United Nations Economic and Social Council in 2006.

### ***Regional cooperation to make decent work a national reality***

4. We are convinced that the ILO's Decent Work Agenda can contribute to a sustainable route out of poverty, assist in addressing the growing economic inequalities both within and between countries in the region, and thus make an important contribution to the achievement of the Millennium Development Goals. The Decent Work Agenda also enables progress towards a fair globalization in which the goals of economic development and social equity are well balanced.
5. We are proud to have pioneered the concept of national plans of action for decent work at our 2001 Meeting, and we note that several countries have established national plans, but not all. We call upon all countries in the region to do so, with full involvement of the social partners.
6. We resolve to ensure that Asia continues to provide global policy leadership in making decent work for all a central objective of our relevant national, regional and international policies as well as our national development strategies.
7. We therefore commit to an Asian Decent Work Decade – for the period up to 2015 – during which we will make a concerted and sustained effort to realize decent work in all countries of our diverse continent.

8. We welcome the development of DWCPs, which are the ILO's means for harnessing resources and for delivering coordinated support to advance decent work priorities at the national level. DWCPs should adequately reflect tripartite priority setting, engagement and ownership of the tripartite constituents. Each country, in accordance with its respective national circumstances and priorities, will define attainable decent work goals and shape its own national agenda, based on and around the four pillars of the Decent Work Agenda – fundamental principles and rights at work, employment, social protection and social dialogue. They enable the Office and tripartite constituents to work closely with the United Nations and Bretton Woods institutions and donors to integrate the objectives of full and productive employment, poverty alleviation and decent work in policy dialogue and programming cycles at country level.

9. In addition, we resolve to promote actively regional cooperation initiatives, so that countries can identify common needs, share good practices and develop strategies and programmes to jointly address areas of mutual benefit and common concern.

10. Tripartism and social dialogue are indispensable for delivering on these commitments. In this regard, we call also for strategic partnerships with relevant national, regional and international organizations, ensuring the involvement of the social partners.

### ***Priorities for national action***

11. We affirm our commitment to tangible outcomes and practical measures for the implementation of time-bound policies and programmes for the realization of full and productive employment and decent work for all.

12. Interconnected priorities for realizing decent work and the reduction of poverty in countries of the region, during the coming decade are:

- promoting ratification of core labour standards as well as respect for fundamental principles and rights at work;
- promoting sustainable productivity growth and competitive economies;
- promoting job creation;
- promoting decent work opportunities in the informal economy, especially in the rural sector;
- promoting access to education for all, including targeted relevant education, training and lifelong learning to ensure appropriate skills to enhance ongoing employability;
- promoting decent work opportunities and access to entrepreneurship for young women and men, especially through facilitating the school-to-work transition and the sharing of good practices;
- strengthening the capacity of the social partners and labour administration;
- combating all forms of child labour as defined under ILO Conventions Nos 138 and 182;
- improving dialogue and the management of labour migration so as to benefit both sending and receiving countries and better protect the rights and equal treatment of migrant workers;
- improving effective labour market governance by adopting, implementing and reviewing labour laws and social policies against the objectives of full and productive work sought by the Decent Work Agenda;
- developing labour management cooperation and bipartite partnership mechanisms and other appropriate institutions and regulations, including frameworks for social dialogue, as important elements for the effective and fair functioning of labour markets;

- promoting gender equality by, inter alia, empowering women by promoting equality of opportunity to decent and productive work;
  - according special attention to the needs of vulnerable workers, including those with disabilities, victims of trafficking and forced labour, those affected by HIV/AIDS, indigenous peoples and workers in workplaces where their fundamental rights are denied;
  - extending the effectiveness and coverage of social protection for all, including workers in the informal economy;
  - promoting occupational safety and health.
13. Acknowledging the integrated nature of the Decent Work Agenda, we endorse a coherent and integrated approach to such policies and programmes, closely involving the social partners in local economic development efforts.

### ***Regional initiatives and partnerships***

14. Building upon regional cooperation frameworks, we strongly encourage tripartite initiatives to share information, knowledge, experience and expertise for promoting decent work and poverty reduction.
15. In this regard, we note regional initiatives that have already started on:
- the Regional Skills Network of Partner Organizations, such as the Skills and Employability Programme for Asia and the Pacific (Skills-AP);
  - the ILO Multilateral Framework on Labour Migration; and
  - the regional database on decent work indicators designed for the sharing of national experiences.

### ***ILO action***

16. In support of the priorities listed above, we request the Office to assist governments and the social partners in developing further initiatives, within the means available, to consolidate and integrate action in the following fields:
- promoting the ratification and full implementation of the ILO Conventions concerning freedom of association and the effective recognition of the right to organize and bargain collectively, the elimination of all forms of forced or compulsory labour, as well as the elimination of the worst forms of child labour and discrimination in respect of employment and occupation;
  - assisting in the development of national policies based on the ILO's Global Employment Agenda;
  - providing support services for small and medium-sized enterprises;
  - strengthening of labour inspection, dispute prevention and settlement, and employment services;
  - promoting the ratification and implementation of ILO Conventions on occupational safety and health including the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187);
  - promoting ratification of the Maritime Labour Convention, 2006;
  - examining the feasibility of convening a regional event on growth, employment and decent work;
  - establishing benchmarks and good practices on the extension of social protection to all working women and men and their families;
  - promoting the development of up to date and reliable statistics and data-gathering to assist in fact-based research, comparison and decision-making.

**17.** We invite regional and other international organizations, including the UN Economic and Social Commissions for Asia and the Pacific and Western Asia (ESCAP and ESCWA), the ASEAN, the Asian Development Bank, the UNDP, the World Bank, WHO, UNIDO, FAO and UNESCO, to work closely with the ILO in supporting such efforts, as called for by the UN Economic and Social Council's high-level segment in July 2006.

**18.** We reaffirm the conclusions on Myanmar adopted by the 95th International Labour Conference (May–June 2006).

### ***Implementing the Asian Decent Work Decade***

**19.** As from this Meeting, an Asian Decent Work Decade will begin. The tripartite constituents of the countries of the region commit to the achievement of specific decent work outcomes in accordance with their respective national circumstances and priorities, and to cooperate on specific initiatives at the regional level where joint action and sharing of knowledge and expertise will contribute to making decent work a reality by 2015.

**20.** Furthermore, we call upon the Governing Body of the ILO to instruct the Office to assist, as appropriate and upon request, the efforts of the tripartite constituents in the Asian Decent Work Decade.

1 September 2006