"Building a future of Decent Work in Asia and the Pacific – Trends, Challenges and Policies for jobs creation, rights and equity"

> This document, which supplements the Report of the Director-General to the 16th Asia-Pacific Regional Meeting (Geneva, 2016), has been prepared as an additional resource for the Special Plenary Debate titled "Building a future of Decent Work in Asia and the Pacific – Trends, Challenges and Policies for jobs creation, rights and equity".

Context

1. The Asia-Pacific and Arab States region has achieved remarkable economic success during the last decade.[1] GDP growth averaged around 6 per cent each year, compared to around 2 per cent for the rest of the world.[2] This has led to drastic poverty reduction and raised living standards. Nevertheless, income inequality remains high or has risen in many parts of the region. Decent work deficits persist, many of which are embedded within labour market structures.

2. For example, 192 million women and men are working but are unable to lift themselves and their families out of extreme poverty.[3] More than one billion own-account and contributing family workers remain vulnerable, oftentimes in informal arrangements without access to social or legal protection. While unemployment remains low overall, around one in eight young people in the labour force is still unemployed, representing an enormous source of untapped creativity and innovation. Gender disparities are widespread in terms of economic participation, wages and job quality. To-date, only 14 of 47 Asia and the Pacific Member States have ratified all eight ILO core conventions.[4]

3. These challenges are complicated by major trends that will shape the world of work in the coming decade. First, the region's demographic context will have widespread ramifications. While some countries are ageing quickly and facing labour shortages, others have massive youth populations and must deal with the challenge of creating sufficient quality jobs. Second, rapid technological innovations are transforming the workplace at an unprecedented pace, calling for renewed focus on skills development and labour market governance. Third, regional economic integration is deepening in the region, offering massive prospects for accelerating growth and creating new jobs. However, ensuring the benefits of integration are inclusive will require a commitment to upholding labour standards and investing in skills, social protection and wage systems. Finally, efforts to

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[1] Henceforth, for the purposes of this note, 'Asia and the Pacific' refers to the region that includes 47 countries plus the Occupied Palestinian Territory, across all income levels, from East Asia, South-East Asia, South Asia, the Pacific Island countries and the Arab States of West Asia, unless explicitly stated otherwise.

[2] ILO: *Statistical Report of the Decent Work Decade 2006-2015: Asia-Pacific and the Arab States* (Bangkok, 2016)

[3] Ibid.

[4] For more detailed trends please also refer to the background note for the High-Level Dialogue: "Inclusive Growth for Social Justice", which supplements the Report of the Director-General to the 16th Asia-Pacific Regional Meeting (Geneva, 2016).

move towards a green society will mean transforming industries and altering production and consumption patterns towards sustainability.

4. The 2030 Agenda for Sustainable Development recognizes these employment and social challenges and forthcoming trends.[5] It presents a major policy framework for the ILO tripartite constituents to renew their efforts to centralize decent work in national development strategies and ensure that economic growth goes hand-in-hand with social progress and environmental sustainability. Job creation, rights and equity within the Decent Work Agenda is appropriately integrated into many of the 17 Sustainable Development Goals, and is recognized as fundamental to their achievement.

Promoting decent employment

5. **Coherent macroeconomic, trade, finance and employment policies:** Sustainable and inclusive growth requires coherent and comprehensive employment frameworks and economic policies that promote employment. To improve policies, which support more and better jobs, a number of countries have created inter-ministerial bodies for promoting employment including for women and youth – for example, in Cambodia, China, India, Iraq, and Sri Lanka – but improving coordination needs to be a priority. This will require mobilization of financial resources, prioritization of investment and infrastructure that favour decent job creation, particularly in the private sector, as well as universal social protection and accessible, publicly funded care services.

6. **Enhancing skills, improving productivity:** Investing in education and skills is critical for fostering inclusive growth and reducing inequality and poverty, particularly in regard to technology innovation. Skills development will also facilitate the transition to a greener economy. Governments and businesses must be able to anticipate skill needs through sectoral bodies such as skills councils and to integrate these skill requirements into national economic strategies, as currently practiced in countries such as Singapore and the Republic of Korea. Another key measure includes a focus on integrating skills into sectoral development, as in Bahrain and Jordan. In addition, formal skills recognition needs to be scaled up, particularly in areas such as domestic work and construction. These efforts must be supported and complemented by well-designed active labour market policies. These include public employment services, career guidance, job counselling, employment guarantee programmes, and labour market information.

7. **Supporting enterprise growth:** In Asia and the Pacific, over 70 per cent of job growth is in enterprises with five to 99 employees.[6] Growth of small and medium sized enterprises (SMEs) and other enterprises will require improvements in the business environment, consisting of access to energy, good infrastructure, as well as support for property rights and the rule of law. Access to credit is also fundamental. In addition, there is a need to review existing entrepreneurship policies and programmes with a gender and green lens, to develop policies and legislation to foster women's entrepreneurship and address inequalities, as well as environmental impact of these policies and programmes. In this regard, the ILO's methodology for creating an Enabling Environment for Sustainable Enterprises (EESE) provides a promising tool to establish strategies for reforms that are

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[5] Please refer to the background note for the High-Level Dialogue: "Inclusive Growth for Social Justice", which supplements the Report of the Director-General to the 16th Asia-Pacific Regional Meeting (Geneva, 2016).
[6] ILO: *Small and medium-sized enterprises and decent and productive employment creation*, Report IV, International Labour Conference, 104th Session, Geneva, 2015.

based on social dialogue and aim to improve the economic prospects of SMEs, overcome decent work deficits for workers and promote environmental sustainability.

8. **Promoting decent work in the rural economy:** Around half the population in Asia and the Pacific work in rural areas, where poverty is most pronounced, informality high and access to quality infrastructure and social protection low. Accordingly, there is a need to create viable non-farm employment opportunities in rural areas for both women and men, while raising agricultural productivity through access to quality infrastructure, capital and credit, services, skills, cooperatives and markets. Workers in the rural economy need improved access to supportive public services, such as social protection, with enhanced social dialogue and representation in decision-making. There is a need for governments to consider effective coverage and enforcement of labour law to rural workers and extend gender-responsive training in occupational safety and health, and inspectorate systems to rural areas. Social dialogue institutions, workers' and employers' organizations that advocate for workers' and employers' rights, including voice and representation of women and men, people with disabilities, or living with HIV, ethnic groups and young women and men, among others, need to be strengthened and supported.

9. **Formalizing the informal economy:** Informality is high in the region, on average accounting for between 60 and 80 per cent of the workforce, many of whom are women.[7] As such, there is an urgent need to strengthen the capacity on facilitating transition to the formal economy, gather data on and diagnose the informal economy characteristics and drivers so that relevant strategies are designed and progress towards formalization is monitored in accordance with the 2030 Sustainable Development Goal, target 8.3. As highlighted in the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), promoting formalization requires an integrated strategy taking into account the diversity of characteristics, circumstances and needs of women and men and economic units in the informal economy, and the necessity to address such diversity with tailored approaches.

Effective labour market institutions to ensure rights and equity

10. **Building social protection systems, including floors:** Social protection expenditure in Asia and the Pacific is still below the global average – resulting in low levels of coverage and benefits. In a number of Arab States, namely the Gulf Cooperation Council countries, the rate is closer to the global average, however a large proportion of workers in these countries are migrants who are not entitled to social protection coverage. Financing of social protection through a combination of taxation and expanded social insurance will be a priority. Further, social protection will need to take into account changing patterns of work, including ambiguous and non-standard forms of work and the needs of informal and precarious workers. As the stereotypical gender roles are challenged and gradually undergo changes, countries will need to develop child and family-centred transfers and, most importantly, maternity, paternity and parental care leave, taking into account the characteristics of the informal economy and migrant workers. With a view to reducing inequalities, Asia and the Pacific countries need to aim for at least a Social Protection Floor for all, irrespective of sex , migration status, ethnic or social origin, religion, health, disability, HIV status or occupation.

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[7] ILO: *Statistical Report of the Decent Work Decade 2006-2015: Asia-Pacific and the Arab States*, op. cit.

11. **Robust wage-setting processes and institutions:** The past five years have seen wage increases across the region, but wage growth has not kept pace with labour productivity growth. Part of the problem is that throughout much of the region, collective bargaining processes and institutions remain weak. Minimum wage setting mechanisms are, however, in place in several countries, especially in East and South-East Asia. Further, tackling gender pay gaps mean ensuring that wage-fixing processes are free from gender bias. A particular concern for the region are piece-rate wages in home-based industries, which primarily affect women. Accordingly, there is a need for governments to promote freedom of association, develop social dialogue mechanisms, strengthen minimum-wage setting processes and institutions and base their decisions on sound evidence and consultation with trade unions and employers. Several countries have taken steps in this direction. For instance, Jordan, Lebanon, Malaysia, Occupied Palestinian Territory and Viet Nam have set up tripartite bodies to review minimum wages.

12. **Strengthening representation and social dialogue:** There are signs, in recent years, of efforts in a number of countries in the region towards building stronger representation and social dialogue institutions, including Fiji, Myanmar and Viet Nam. Nevertheless, female participation in collective bargaining arrangements is typically low. In addition, gaps in data collection and information to support these institutions remains a particular concern. National statistical offices, ministries of labour and other official agencies will need to work with workers' and employers' associations to produce timely credible data on membership, membership rates and dispute resolution.

13. **Freedom of association:** Workers' and employers' organizations must be able to represent their members, free from interference from governments and from one another. Some countries have a single, state-mandated trade union body to which all unions must affiliate, while in others, union multiplicity and fragmentation create other challenges. Constraints under these regimes can undermine the ability of workers' and employers' organizations to genuinely represent their constituencies. It is essential that governments put in place adequate policies and machinery to identify, prevent and remediate such practices and to promote the organization of free and independent workers' and employers' organizations, including for migrant workers, in line with the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and Right to Organise and Collective Bargaining Convention, 1949 (No. 98) (see Table 2).

14. **Social dialogue in informal and non-standard employment:** Informality and non-standard forms of employment, often including domestic care work, restrict workers' basic rights and protection. Accordingly, social partners will need to continue to adapt to heterogeneous employment situations and work with non-traditional partners, such as urban planning authorities, rural development authorities, informal workers' organizations, and relevant government departments. They may also need to mobilize public support for necessary changes.

15. **Dialogue at a time of global integration:** Workers, employers and their representative organizations are usually underrepresented in regional and sub-regional bodies. Dialogue with workers' and employers' organizations, which so far have been rather limited, could enhance the social aspects of regional economic policies. Workers' and employers' organizations should be able to engage systematically with national governments and the secretariats of regional bodies to establish consultative mechanisms and strengthen their capacities to operate at regional and sub-regional levels. In this regard, social partners will need to strengthen their own capacities, better reflect the specific needs of workers, especially women and young employers and workers and develop bottom-up consultation mechanisms to incorporate the views of diverse stakeholders

16. **Ratifying and implementing international labour standards and realizing fundamental principles and rights at work:** Across the region, there are widespread and systemic barriers to the exercise of fundamental principles and rights at work – both in law and in practice. Child labour and forced labour are still a major concerns. Approximately 10 per cent of children in Asia are labourers, and of this group over half are trapped in one of the worst forms of child labour, often employed in hazardous work.[8] The Asia and the Pacific region also accounts for 56 per cent of global forced labour.[9] In some countries, labour legislation imposes considerable constraints on the rights of workers to organize, bargain collectively, or strike. Finally, certain categories of workers (defined along lines of sex, caste, ethnicity, and disability for instance) continue to face discrimination in employment and occupation and have systemic difficulties benefiting from educational and employment opportunities.

17. Decent work deficits are reflected in the region's poor ratification record with respect to the ILO's fundamental Conventions (Table 2). Globally, these eight Conventions enjoy near-universal ratification, but in relation to freedom of association and collective bargaining, only half of the region's countries have ratified C87 and C98. In total, Asia and the Pacific accounts for 20 of the 23 countries worldwide that have not ratified C87, and 26 of the 34 countries that have not ratified C98.

Table 2. Ratification of ILO Fundamental Conventions, by sub region, 2016

	Numbers of Countries Ratified the Fundamental Conventions							
	Freedom of association		Forced labour		Discrimination		Child labour	
Subregion (number of countries)	C087	C098	C029	C105	C100	C111	C138	C182
East Asia (4)	2	2	2	1	4	3	4	4
South-East Asia (11)	5	6	10	4	8	5	9	11
Pacific Island countries (13)	7	8	9	9	8	8	5	8
South Asia (8)	4	5	7	8	8	8	5	7
Arab States (11)	3	6	11	11	7	10	11	11

Source: ILO NORMLEX [Accessed 3 August 2016]

18. A critical priority for the region is to guarantee the free exercise of fundamental rights at work, in particular by ratifying and fully applying the eight ILO fundamental human rights Conventions. Non-ratification and non-enforcement of these standards result in an uneven playing field that undermines the efforts of responsible, compliant businesses. However, the region's ratifications of the core equality Conventions, C100 and C111, are among the lowest in the world. As regards the forced labour Conventions, in all other regions of the world C29 and C105 have been almost universally ratified; the remaining non-ratifications are to be found primarily in the Asia and the Pacific region. As well, the Asia and the Pacific countries that have ratified C29 should move to ratify the Protocol to C29 that requires States to take measures regarding prevention, protection and remedy in giving effect to the obligations under C29.

19. **Better application and labour inspection:** Even if countries have improved standards and regulations in line with international labour standards, these are undermined by weak enforcement. This has resulted in hazardous working conditions and regular major

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[8] International Programme on the Elimination of Child Labour (IPEC): *World Report on Child Labour 2015: Paving the way to decent work for young people* (Geneva, ILO, 2015).
[9] ILO: *Profits and poverty: the economics of forced labour* (Geneva, 2014).

accidents that have, for example, resulted in the deaths of migrant construction workers in Gulf Cooperation Council countries, garment factory workers in Bangladesh, Pakistan and the Philippines, and chemical warehouse workers in China. These are only the most visible incidents; poor working conditions and countless accidents and illnesses go unreported. Poor implementation of ratified Conventions, such as the eight fundamental Conventions, has resulted in for example discrimination, sexual harassment, and gender pay gaps.

20. Some of the problems lie in weak labour inspectorates that are often understaffed and under-equipped, with officers that are under-trained and under-paid. Inspectors often have to deal with multiple mandates and competing policy priorities. Moreover, often inspectorates limit their focus to formal workplaces, thus excluding vast numbers of workers in the informal economy as well as in agriculture, home-based and domestic work.

21. If the goals of the Decent Work Agenda are to be realised and inequality addressed, labour inspectorates need to be stronger and better equipped to address non-compliance by providing advice and support where appropriate, imposing sanctions and offering incentives in coordination with relevant public and private actors.

22. **Protecting migrants:** Better cooperation and coordination, is needed, amongst countries of origin and destination and their social partners to build migration regimes that are fair to migrant workers, employers and nationals. Accordingly, it is critical to ensure cooperation between countries of origin and destination to establish skills standards and skills recognition systems and ensure that recruitment systems are fair and avoid breaching fundamental principles and rights at work. Governments also need to ensure the protection of migrant workers – especially women migrants - from abuse and discrimination and to reduce barriers and constraints to decent work. One milestone for women in domestic work was the adoption of a comprehensive standard: C189 on Domestic Workers in 2011, but the rate of ratification in the region is inadequate, with the Philippines being the only country to have ratified the convention.

The way forward

23. Asia and the Pacific is characterised by enormous diversity and world-of-work challenges and opportunities. Challenges include the need for more quality jobs and addressing the socio-economic factors underpinning poverty, vulnerability and inequality – while sustaining the already significant gains and achievements.

24. The 2030 Agenda for Sustainable Development represents a call for action to address these challenges. Each country has its own characteristics and realities, which require individual national responses. In line with the ILO Declaration on Social Justice for a Fair Globalization and the 2030 Agenda for Sustainable Development, responses must adopt a rights-based approach, and thus promote the ratification and implementation of international labour standards.

25. Labour market policies and institutions are required that promote equity and equality amongst different groups and provide social and legal protection to the more than 1 billion workers who are in vulnerable employment – including those trapped in vicious cycle of conflicts, disaster and poverty.

26. Labour market information that collects sound, regular, and internationally comparable data are needed to monitor labour market dynamics and analyse policy outcomes. At the same time, deeper capacity to compile, analyse and use such data for policy implementation, and timely adjustment to labour market developments is essential.

27. Finally, a future of decent work in Asia and the Pacific requires policies that support sustainable enterprises to create decent jobs. Policy makers need to recognise the major processes transforming the world of work (technology, climate change, changing character of production and employment, demographics, etc.) and through processes built on social dialogue and tripartism, adopt appropriate and relevant policies so that the world of work in Asia and the Pacific is inclusive and decent for all women and men.