



2. Employment: The best poverty reduction strategy

*All countries in the region have committed themselves to promoting full employment, most recently through the **Copenhagen Declaration on Social Development and Programme of Action of the World Summit for Social Development** (1995). This means coming to grips not only with widespread urban unemployment but also the chronic underemployment in rural areas. Rapid technological change is producing impacts on employment which are not yet fully understood.*

While closely related, economic growth and higher employment do not always go in tandem. Active, targeted labour market policies are required, especially for youth and vulnerable groups, including the very poor. Economic fluctuations affect women's employment differently from that of males in many cases. More information and better analysis are indispensable to permit policy-makers to frame more adequate responses.

In the decent work agenda, both training and social protection, particularly unemployment insurance and welfare schemes, are integral parts of appropriate employment policies. Well-informed and well-managed employment services play a vital role. Small businesses and cooperatives are of great significance and labour migration accounts for a significant share of many national labour markets.

Better information, more sophisticated analysis, forward-looking and long-term policies, targeted strategies, cost-efficient and relevant training systems, tripartite cooperation: all of these are central to improving the quantity and quality of jobs. But above all there is a need to give employment a high priority on the national development agenda.

Jobs and incomes

Full employment and poverty alleviation

“The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.”¹

Building on decades of the ILO work in the areas of employment and adequate remuneration, the World Summit for Social Development unanimously adopted *Commitment 3* of the *Copenhagen Declaration* on promoting the goal of full employment as a basic priority of economic and social policy. In so doing, the international community reaffirmed the special mandate of the ILO, as defined in its Constitution, the Declaration of Philadelphia and the Employment Policy Convention, 1964 (No. 122), requiring member States to pursue the goal of full, productive and freely chosen employment.

The pursuit of this goal has to be an active one. Full employment is not an automatic and inevitable consequence of economic expansion as the phenomenon of so-called “jobless growth” has demonstrated in recent decades. While it requires constant adjustment – and thus flexibility – it must not be a purely reactive process. Forward thinking and forward planning are indispensable. It is becoming very clear that those countries in the region which learned and applied lessons from the 1997 economic crisis are now in a much better position to confront the current international economic downturn than those whose reaction was to wait for the return of better times.

Local and rural development: The role and potential of the countryside in contributing to national wealth

The rural sector continues to be a major source of employment and income for developing countries despite changes caused by globalization and liberalization. Its significance has been underscored by the recent economic crisis, when urban workers returned to family farms. Problems of rural development are reflected in low incomes and low productivity. While breakdowns for urban and rural sectors are not generally available, statistics show that there is a wide gap between the employment share and GDP share in agriculture. Available data show a relatively large agricultural workforce producing a relatively small value added. Low productivity is reflected in low income.

¹ ILO: *Decent work*, Report of the Director-General, International Labour Conference, 87th Session, Geneva, 1999, p. 3.

Thus, in national development plans rural employment promotion is closely related to poverty alleviation programmes.

Rural employment promotion involves different approaches including macroeconomic issues related to growth and development; specific sectoral policies for rural areas; and microeconomic planning for target groups. Experience shows that rapid macroeconomic growth does not automatically “trickle down” to rural areas. Within countries, the benefits of economic development are not always evenly distributed across rural populations in different regions. Sectoral policies are required in such areas as: economic diversification and non-farm activities; micro-enterprises and the informal sector; and local markets and export promotion.

Table 2.1. Percentage share of agriculture in GDP and employment*

<i>Countries and areas</i>	<i>GDP</i>	<i>Employment</i>
Bangladesh	25.2	63.2
Cambodia	41.4	98.3
China	17.3	47.5
Cook Islands	22.6	11.5
Hong Kong, China	0.1	0.3
India	27.9	66.7
Indonesia	19.4	43.2
Kazakhstan	9.9	11.7
Korea, Republic of	5.0	11.6
Kyrgyzstan	41.4	49.1
Malaysia	10.8	18.4
Marshall Islands	13.7	20.8
Mongolia	36.1	48.5
Myanmar	59.5	62.7
Nepal	41.6	76.1
Pakistan	27.2	44.1
Philippines	17.6	39.1
Singapore	0.2	0.2
Sri Lanka	20.7	36.2
Tajikistan	22.1	64.0
Thailand	10.4	48.5
Tonga	37.7	34.0
Uzbekistan	33.0	36.2
Viet Nam	25.4	68.6

* Where data are not available for 1999, statistics for the nearest year are presented.

Source: Asian Development Bank (ADB): Key indicators of developing Asian and Pacific countries.

Table 2.2. Percentage shares of agriculture in GDP and employment in selected countries in West Asia (including forestry and fishing)

Country	GDP	Employment
Bahrain		2.4 ¹
Jordan		6.2 ²
Oman		9.3 ³
Qatar		1.5 ⁴
Syrian Arab Republic	29.2 ⁵	28.2 ⁶
United Arab Emirates	3.4 ⁷	5.2 ⁸

Notes: ¹ 1991 census. ² Ministry of Labour, 1992. ³ 1993 census. ⁴ Estimated figure for 1998, FAO Production Yearbook. ⁵ Preliminary figure for 1998, Central Bank of Syrian Arab Republic. ⁶ 1991 sample survey, ILO Yearbook of Labour Statistics. ⁷ 1999 estimates, Middle East Economic Digest. ⁸ 1998 estimates, FAO Production Yearbook.

Special programmes for rural employment are also needed which include access to assets, wage employment schemes and self-employment creation schemes. It is important to ensure access and title to land through clearly defined systems of land tenure and property rights, land reform and resettlement schemes and land improvement. Other necessary assets include physical capital, financial assets and appropriate technology.

Wage employment schemes include both employment-intensive infrastructure programmes and compensatory programmes and social funds. The latter are designed to generate employment opportunities rapidly; transfer income to poor families affected by unemployment and underemployment; provide social infrastructure; and finance social assistance programmes including “food for work” programmes. Common problems of wage employment schemes are that they are small scale, have a limited impact and only generate employment for

Box 2.1. ILO labour-based rural infrastructure project in Cambodia

The ILO labour-based rural infrastructure project has created millions of workdays in direct wage employment since its start in 1992. The project has focused its operations on assembling key building blocks, which include strengthening the government capacity in community-based integrated rural accessibility planning, rural infrastruc-

ture planning and management and private sector capacity for construction and maintenance. In view of its relevance to local conditions the Cambodian authorities have officially taken the ILO labour-based technology (LABT) as the preferred technology in their rural development undertakings.

a short period. They seldom reach the poorest and the quality of the infrastructure built is often inferior. However, key benefits are short-term employment, physical infrastructure development and a social safety net.

The interplay between the market and the knowledge-based economy

Fundamental transformations in communications and technology are changing social, political and economic life at an accelerating pace. The *World Employment Report 2001*² points out that this change is rapid, irreversible and unpredictable. It brings with it opportunities for new jobs, accelerated development, greater transparency and higher productivity. At the same time, the ICT revolution has been accompanied by a widening gap – the *digital divide* – between the those who have access to it and those who do not. ICT will affect the content and quality of jobs. It requires a new development paradigm for rapid technological change.

Growth and employment are contingent upon education, learning and training. Human capital underpins economic growth, but the causation runs both ways. Countries with higher levels of income invest more in education, while development of human resources leads to higher growth rates. Literacy, knowledge and skills are essential. Increasingly, digital literacy has opened doors for both industrialized countries such as the Republic of Korea and Singapore as well as countries with lower levels of income such as China and Malaysia.

Is the communications revolution likely to be a threat or a boon to greater gender equality in work and society? According to the *World Employment Report 2001*, the new information and communication technologies offer the potential not just to collect, store, process and diffuse enormous quantities of information at minimal cost, but also, and more importantly, to network, interact and communicate across the world. This is where one of the main potentials for greater gender equality lies. Job growth that uses cognitive skills rather than physical strength in emerging sectors unburdened by traditional gender stereotyping opens opportunities for women. Employment growth in the service sector, in particular, provides enhanced job opportunities for women in the digital era. For example, the percentage of women employed by Citibank in Bombay increased from 5 per cent in the 1970s to 70 per cent today. The Inter-

² ILO: *World Employment Report 2001: Life at work in the information economy* (Geneva, 2001).

net enables women to work at home, allowing them to combine gainful employment with family responsibilities. Potential benefits include access to information sources and skills upgrading, political advocacy, global outreach, access to communications services, participation in international markets and an escape from cultural isolation and gender bias.

Reaching out to target groups

There is evidence that policies designed to address the employment challenges and social impact of the Asian crisis were not adequate in terms of reaching target groups. A number of initiatives have been undertaken to improve labour market information (LMI) to assess impact on these groups. A proper analysis of these data should facilitate the design and application of policies to women. It is, therefore, necessary to compile labour market information that can be disaggregated by sex and age. Other groups of special concern such as disabled persons and ethnic minorities should also be identified. Data should provide information about the poor. This includes trends in poverty and inequality as well as characteristics of households with low incomes and individuals with low earnings. These are specific aspects of a general issue relating to the improvement of LMI systems. Improved information and better analysis provides a foundation on which effective policies can be identified, implemented, monitored and evaluated.

Community-based rehabilitation (CBR) has proven to be successful in improving the decency of work for disabled persons in Iraq through ***establishing and strengthening*** CBR committees, widening geographical coverage and providing ***loans for income-generation activities***. Among the lessons learned from the project in Iraq are that: the CBR approach is more effective for the reintegration of disabled persons than a traditional approach dependent on ***conventional*** training institutions; microfinance projects function

Box 2.2. Gender statistics in Lebanon

As part of the Programme on the Development of National Gender Statistics in Lebanon, three workshops were organized during the period 1998-99 to support the national capacity in Lebanon in the field of generation, use and dissemination of gender statistics. The

workshops were held within the framework of the regional programme which was being undertaken in nine Arab countries. The long-term objective was to promote more gender-sensitive policy formulation at the national level.

Box 2.3. Programme for rehabilitation and reintegration of ex-detainees in Palestine

The ILO provided the necessary technical assistance to the Palestinian Authority for the establishment of a programme for the rehabilitation and socio-economic integration of ex-detainees freed following the Oslo agreements (1993). The programme was extended for a second phase in 1998. This multi-component programme offers a number of different services for

ex-detainees: health insurance, job search assistance, vocational training, support to continuous education, wage subsidies, rehabilitation services, and loans and business support services for income-generating activities. More than 18,000 ex-detainees have been served according to objective, transparent and non-discriminatory criteria.

more effectively in rural areas than in urban ones; and sustainability of impact is achieved when clear national policies and strategies are defined. In view of the effectiveness of the community-based approach in socio-economic reintegration of the specific target group, which was proved by this project, the UNDP and the ILO are planning to launch a new activity which would be geared to other target groups such as women, youth and elderly people.

Similar CBR projects were implemented in Yemen and the Syrian Arab Republic. Initiatives are being taken to establish other CBR projects in the West Bank and Gaza, Oman and Bahrain.

Box 2.4. Women and men disabled through war and landmines placed as income earners in the workforce of Cambodia

An ILO project on the strengthening of labour administration for employment promotion and human resources development has the objective of helping disabled people - particularly those disabled through war or landmines - to participate in the workforce as income earners. Most are amputees. The project has enabled labour administration to provide more effective services to workers with disabilities. The ILO is also cooperating with the World Rehabilitation Fund (WRF) - implementing

partner for a UNDP-funded project on the socio-economic reintegration of landmine victims - by providing technical backstopping for specific activities in Cambodia. In particular, the ILO is helping to establish an association of organizations representing disabled informal sector producers of handicrafts. It is also organizing a Business Advisory Council (BAC) to facilitate the vocational training and job placement of persons with disabilities in formal employment.

How do we measure work?

Efforts are being made in the region to integrate paid and unpaid work into national policies. The ILO participates in a Regional Resource Group of Experts (RRG) from countries in the Asia-Pacific region that deals with issues of labour force statistics, national accounts, and gender and development. The RRG considers a number of issues including the informal sector, child labour, time use and home-based workers; in particular, it seeks to incorporate into national statistics activities that were once considered to be housework rather than employment. This has already been done in Nepal.

The importance of statistics properly reflecting women's work is obvious: "As long as women remain statistically invisible, their work, their lives, and their disadvantages will remain invisible to policy-makers and leaders. Words need numbers to influence development intervention. Recognizing that unless steps are taken to put women squarely on the books, the productivity of half the workforce is destined to remain in the shadows. A strategic entry point for a more integrated approach to gender-responsive development planning is to improve statistics on gender issues."³

Underemployment: The hidden waste of human capacity

Labour statisticians measure underemployment in a number of ways, taking account, inter alia, of hours of work, skills and income. The International Conference of Labour Statisticians (ICLS) recently developed an international standard for time-related underemployment. This measures the number of persons working less than a certain number of hours who are willing and available to work additional hours. Underemployment has also been used to refer to "inadequate" employment situations such as those related to inappropriate skills, insufficient income and excessive hours. The problem of inadequate employment can be especially significant for economies in transition and during restructuring.

Data from the labour force survey in Nepal indicate that more than a quarter of those employed work fewer than 40 hours a week. Time related underemployment tends to be more serious among women workers, in urban areas and among the self-employed. Almost one-half of underemployment can be attributed to the off-

³ Rashida Yoosuf, Honourable Minister of Women's Affairs and Social Welfare, the Republic of Maldives, cited in M.F. Guererro (ed): *Integrating paid and unpaid work into national policies: Selected papers*, UNDP Regional Bureau for Asia and the Pacific (RBAP), New York, 1999.

Box 2.5. Nepal labour force survey 1998-99: Improved statistical measurement of women's activities

The economic activity of women and children is often under-reported in statistical surveys in Asia. Interviewers and respondents often incorrectly consider "work" to comprise only those activities producing an income (in cash or kind), and do not appreciate that "work" includes many unpaid activities which are part of normal household duties (such as working in the family farm, collecting firewood and water, household weaving, etc.).

In 1997, the ILO implemented a project to assist the Nepal Central Bureau of Statistics in designing and implementing a large-scale household-based labour force survey. Data collection for this survey covered the period June 1998 to May 1999 with over

14,000 households in both urban and rural areas of Nepal. Results were published in January 2000.

The survey measured employment, unemployment and underemployment in Nepal, paying special attention to accurate reporting of the activities of women and children, through a special questionnaire design reinforced by intensive interviewer training.

The 1998-99 Nepal labour force survey provides an example of an improved method of measuring the economic (and selected non-economic) activities of women and children. The approach has been recommended to other Asian countries and might serve as a "best practice" for collecting statistics on this topic.

season. In 1999, one-third of workers in Sri Lanka were employed for fewer than 40 hours per week. Figures for Pakistan for 1997-98 indicate that 13 per cent of the workforce worked for less than 35 hours per week. During the Asian crisis a number of employers in Thailand resorted to labour hoarding with fewer hours to avoid severance pay. In addition, there was a rise in new hires of part-time workers. The result was a significant increase in underemployed workers. Underemployed persons working fewer than 35 hours per week increased 60 per cent between the third quarters of 1997 and 1998. According to published reports of the labour force survey in Viet Nam, two-fifths of the labour force were underemployed in 1999; the corresponding figure for youth aged 15-24 years was 48 per cent.

Training for work

The challenge of change

Education and training are a way out of unemployment, underemployment and poverty. Policies and strategies for effective human resource development are crucial for coping with changing labour market needs. To this end, there is, in most countries of the region, a need for greater investment in education and training. Employabil-

ity in the context of a changing economy, generating demands for new skills and greater competence, is the vital focus for reviewing systems of education and training.

Current challenges include those arising from the increasing pace of globalization and international competitiveness, together with a widening impact of information and communication technology. In addition, education and training must respond to changes in work organization and the demands of an ageing population. As demonstrated by the alarmingly high number of unemployed university graduates in India, for example, education and training by themselves cannot be the sole vehicle for employment creation; they must go hand-in-hand with other policies including economic development and employment promotion. Education and training of high quality are, however, major instruments to improve socio-economic conditions and to prevent and combat exclusion and discrimination, particularly in employment.

Recognizing this, some national authorities have reoriented their education and training systems so as to develop relevant capacities for exploiting the potential of a global information economy. Renewed efforts are now being made in the region to improve efficiency and effectiveness of national education and training systems to help promote employment and social cohesion. Such an approach encompasses opportunities for education and training in all kinds of settings – in schools, in institutions, at home, at work and in the community.

From education to employment: Not always a clearly marked highway

Active labour market policies (ALMPs) that involve, inter alia, training programmes, wage subsidies, apprenticeship schemes and placement services, have not always been successful in placing young people in decent work. New approaches should be developed that build on lessons learned through community-based approaches, special mentoring programmes, electronic labour exchanges and on-line job markets as well as more traditional policies. Greater attention should be given to the private sector. Creative opportunities using information and communication technology should be explored to place the region's youth in productive employment.

At the start of the new century, youth employment continues to be a serious problem. According to ILO estimates, 70 million young people are searching for work but cannot find any – with about 80

per cent of them in developing countries and transition economies. Youth are nearly twice as likely as adults to be unemployed. In many countries the ratio is higher. Young people are often the last hired and the first fired. They are less likely to be protected by legislation. Disproportionately large numbers of young workers are exposed to long-term unemployment, engaged in precarious employment or limited to short-term work. As a result, many young women and men are economically inactive, as they either do not enter or drop out of the labour force. Socially disadvantaged youth are particularly affected. Youth inactivity, unemployment and underemployment perpetuate a vicious cycle of poverty and exclusion. Youth joblessness is linked to social problems such as crime, vandalism and drug abuse. "Joblessness among the young can be devastating, and governments have tried in a number of ways to deal with it. But policies targeted at young people, including preferential hiring, have proved largely unsuccessful for the simple reason that they are economically unsustainable."⁴

In developing countries conventional unemployment rates do not capture the seriousness of youth employment problems, as many young people cannot afford to be without a source of income. Instead, the inadequacy of work opportunities results in casual employment, intermittent work, insecure arrangements and low earnings. Underemployment is high among young people who work in household production units and in the large informal sector. Temporary jobs of low quality may even harm the future prospects of young workers.

Studies of youth employment point to the greater burdens borne by teenagers and women. In some countries teenage youth (aged 15-19 years) suffer higher rates of open unemployment than young adults (aged 20-24 years). In many countries more young women than young men are unemployed or inactive. Women often face discrimination with regard to education, training and employment. Youth employment promotion also has a significant role to play in peace-building and conflict prevention efforts as seen in the ILO interventions in the Solomon Islands and East Timor.

For these reasons, promoting productive employment for young people must be high on the ILO's decent work agenda. Effective policies for the labour market and employment promotion should be

⁴ Kofi A. Annan: *We the peoples: The role of the United Nations in the 21st century* (New York, United Nations, 2000), p. 25.

formulated, implemented and monitored to provide young women and men with opportunities for employment and income.

In West Asia – and more specifically in the GCC States – the ILO is working on the economic empowerment of youth and women through their involvement in micro- and small-enterprise development. Awareness seminars are planned in Bahrain and Qatar. The ILO is also exploring the possibilities of incorporating business management training in the vocational training institutes in order to encourage youth to engage in self-empowerment initiatives.

The Secretary-General of the United Nations, the World Bank President, and the Director-General of the ILO, have convened a High-Level Policy Network on Youth Employment “drawing on the most creative leaders in private industry, civil society and economic policy to explore imaginative approaches to this difficult challenge”. As part of this initiative the ILO has formed a task force that will look at ways to generate opportunities for young people through information and communication technologies and bridge the gap between the informal sector and the knowledge economy.

Ageing of the population: Challenge and change for work patterns, training systems, health care and pension schemes

As a result of falling fertility rates, the population is ageing in most parts of the world. This is having a major impact on both youth and old-age dependency ratios. However, these trends represent not just problems but opportunities. While higher percentages of older people will affect expenditures on health and pensions as well as create greater demands for unpaid work in caring professions – most of which are made up of women – smaller cohorts of young people will have greater access to quality education. Old age is synonymous with poverty for many working people. Longer life, better health and diminishing birth rates mean that it is becoming imperative to place a greater number of older workers in decent work through employment promotion and training programmes. Another issue that must be addressed is the fact that the gender gap at older ages will create a growing number of widows who face loss of social status and legal rights in many societies.⁵

⁵ ILO: *World Labour Report 2000: Income security and social protection in a changing world* (Geneva, 2000).

Table 2.3. Ageing

	Population over 60 (per cent of total population)					Population over 60 (per cent of total population)				
	1980	2000	2010	2030	2050	1980	2000	2010	2030	2050
World total	8.6	10.0	11.1	15.8	22.1	0.8	1.1	1.5	2.2	4.2
Asia	6.8	8.7	10.2	17.1	23.5	0.4	0.8	1.1	2.0	4.3
Eastern Asia	7.9	11.2	13.6	24.0	30.2	0.5	1.1	1.7	3.2	7.1
South-central Asia	6.1	7.0	7.9	13.0	20.0	0.4	0.6	0.8	1.3	2.8
South-eastern Asia	5.6	7.2	8.3	15.1	22.6	0.4	0.6	0.8	1.4	13.6
Western Asia	6.1	7.1	7.7	12.2	18.0	0.6	0.6	0.9	1.3	2.8

Source: ILO: World Labour Report 2000, p. 256.

The problem of resources for skills training and their optimum allocation: Defining priorities

The costs of allocating and maintaining resources and infrastructure for skills training are now prohibitive for many governments in the region. Rapid changes in technology and the way in which work is organized today necessitate enormous investment. Many countries are finding it increasingly difficult to provide the resources required. For poorer countries the task is impossible. Additional pressures on public funding capacity arise from structural adjustment programmes, restrictive fiscal policies and reduced development assistance. Increased competition and low wages have contributed to cutbacks for education and training by governments, businesses and workers.

In order to prioritize most efficiently the allocation of scarce resources to skills training, it is necessary to determine: what skills are required (by types of enterprises and sections of the community); whether skills are better learned on-the-job or off-the-job (or a combination of both); and who will provide the resources and by what means – public sector, private sector or the workers themselves?

Training must be tied to employment opportunities. Without jobs, skills training programmes are an empty promise. They represent a waste of scarce financial and human resources. The final result is frustration that can lead to social unrest.

The problem of access to skills training: Those most in need of skills cannot get training

Those without access to basic skills training and lifelong learning opportunities have limited opportunities. Unequal access exacerbates

existing inequalities arising from low educational attainment and inadequate basic skills. Differential access to training tends to reinforce skill differences in all societies, with workers who are highly skilled more likely to receive additional training than workers who are lower skilled.

Access to public skills training programmes is often restricted due to the limited number of places available. Yet public sector training often fails to attract trainees. Consequently, access to training is frequently restricted to persons having already reached a particular educational level. The poor are more likely to be excluded. The access of others is limited through training programmes implemented specifically for socially disadvantaged groups as is the case, for example, in Cambodia, China, Lao People's Democratic Republic and Thailand.

In some countries in the region, there is still a cultural preference among facilities for girls to enrol only in skill training courses exclusively for girls, and not in mixed training programmes for boys and girls. This tends to limit the training opportunities for girls. Also, in a number of countries, the narrow, outdated training in traditional "male" areas makes these courses less attractive to trainees, as the training is not responsive to labour market needs.

Private sector institutions tend to train in areas where there is a quick return on investment. These include training in language, computers and management. While some enterprises are willing to pay for their workers to attend training programmes, both public and private, many workers pay their own expenses. Larger high-performing industries are more likely to invest in skills development than small and medium-sized enterprises.

Improved access to education and training by vulnerable groups – in particular youth, the disabled, the displaced and poor – are important elements for making training effective for job creation, economic growth and social integration. Making all forms of training and education equally accessible to women will be a major step forward towards achieving gender equality in employment. Bringing training to the doorstep of people who need it most is another enormous challenge for raising productivity and increasing income in rural areas and the informal sector.

Training is also an important element in social reintegration of ex-combatants and conflict-affected people. The ILO has and continues to assist in this effort in, for example, the Solomon Islands and Palestine. Training is equally useful in dealing with post-disaster reconstruction, e.g. Gujarat (India) where craft and building skills are being developed with ILO assistance.

One of the strategies adopted by the countries in the region to enhance employability is to involve local administrations in training delivery for the informal sector. These specially tailored short training programmes for specific target groups adopt a non-formal training mode. In this context, the community-based training approach developed by the ILO is viewed as one of the more useful methodologies for promoting self-employment opportunities in poor communities of both rural areas and urban centres. The effectiveness of the community-based training approach lies in the fact that interventions are needs-based and demand-led; training provides practical skills for pre-identified employment opportunities.

Providers of training: Who does it best?

The days of government-funded, designed and implemented training programmes are numbered. The role of governments is changing to one of agent and facilitator – that of encouraging cooperation between the social partners and provision of information and mechanisms for planning and coordination of labour market and training needs. Governments also need to establish forward-looking enabling environments in which employers, workers and institutions can receive guidance and support for education and training in fast-changing economies. The question is whether governments are able to assume these roles. However, it must be noted that in some countries in the region, the State is often the only source of skills training.

It is now becoming more obvious that on-the-job training, supplemented with face-to-face instruction, is the most efficient method of imparting skills. In Japan, the Republic of Korea and Singapore, enterprise-based learning has been the main method of skills development for a number of years. Malaysia is following this trend. Nevertheless, the Malaysian Employers' Federation is meeting some resistance to enterprise-based learning within some of the larger enterprises and most of the small and medium-sized enterprises in the east coast region. In the case of the Republic of Korea, it might be added that the Government had earlier made a massive investment in vocational training, closely linked to investment trends through the Economic Planning Board, which has had a significant impact on improving the economy. Workplace training, as a complementary measure, was introduced more recently. Many companies in Thailand seek accreditation with the International Organization for Standardization (ISO) and are thus forced to provide formal training for their staff. However, the majority of workers in Thai enterprises learn their skills on the job or on an ad hoc basis with only a few enterprises

seeking more systematic arrangements with public and private training institutions. The Thai Government has recognized the need to provide support through incentives for enterprises to collaborate and participate in skill development programmes.⁶

The marketability of skills: Certification – Of what? For whom? By whom?

The issues of accreditation and certification of skills have always been contentious. Assessment is often made outside the workplace, sometimes during or immediately after training. In many cases the skills acquired are not the ones required in the world of work. Indeed, the pace at which technology is changing requires skills to be adaptable to and transferable across a range of fields. This makes it difficult to determine the breakdown of occupations into categories, particularly in information technology. The speed at which new jobs are created and old ones change also makes accreditation and certification difficult; what is certified as a necessary competence one month may change the next. The process needs to be thoroughly reviewed. Countries such as Australia, the United Kingdom and some parts of the United States are developing a more broad-based approach to skill standards and accreditation. Issues such as core competencies, soft skills, tacit knowledge, management of tasks and contingencies, as well as the ability to work in a team, are now recognized as essential. The ILO Asian and Pacific Skill Development Programme (APSDEP) has for the past three years worked with a number of countries to develop a Regional Model of Competency Standards. Further work is now being carried out to develop a framework within which the model can be applied in different countries in the region.

Incentives: What will make workers seek, accept and apply training?

Without clear incentives to train, such as increased wages, better career opportunities or improved social status, many workers are reluctant to take part in training programmes. Furthermore, it is no longer sufficient to improve the efficiency and quality of existing modes of education and training as these were developed to meet the demands of another era. Students, trainees and workers, products of

⁶ A. Rojvithee: *Successful practices in human resource development in the workplace: Contributions from labour management and government – Two case studies from Thailand* (Royal Thai Ministry of Labour and Social Welfare, Bangkok, 2000).

these systems, now find themselves lacking the knowledge and cognitive and social skills that are necessary to survive in an increasingly knowledge-based environment. Knowledge-based, high-tech enterprises often complain that graduates from colleges and universities lack the capacity to learn fresh skills and assimilate new knowledge.⁷

A number of Asian countries are making a concerted effort to restructure their education systems to meet the needs of the modern sector. However, this requires firm government commitment to make necessary changes: educational restructuring, relevant policies, regulatory framework and an enabling environment that will stimulate a knowledge-based economy. The private sector must have a role to play in the development of new policies that redefine the educational framework to meet the demands of a knowledge-based economy, since the educational establishment may not be able to do so.

Retraining to "go back in there"

Retraining schemes for retrenched workers are a key component of ALMPs and a primary concern for trade unions in the region. Nonetheless, adequate systems for placing retrenched workers in wage employment and self-employment still need to be developed and broadened.

For example, formal training systems in South Asia offer only very limited facilities for the retraining of retrenched workers. Most of them are low-literate or functionally illiterate; many may neither be interested in nor have the capacity to enter a new occupation. Surveys in India showed that only one in ten of workers retrenched as a result of privatization expressed a wish for retraining and redeployment, while almost half wished to become self-employed. However, opportunities for retraining in India remain very limited. The lesson learned from these surveys is that more self-employment training and post-training support programmes need to be implemented. Here the ILO community-based training approach mentioned above could be applied effectively. Issues such as access to retraining opportunities, cost of providing it as well as cost to the retrenched workers, reference to labour market demand, and access to facilities for start-up of businesses, require further attention to make retraining and placement more effective.

⁷ D.L. Cogburn: *Globalization, knowledge, education and training in the information age*, Centre for Information Society Development in Africa [<http://www.unesco.org/webworld/infoethics-2/eng/papers/paper-23.html>].

Employment strategies, macroeconomic policies and development planning

The experience of the Asian crisis shows that not only is it necessary to have informed policies for demand management, exchange rates and economic incentives, but also an effective implementing environment that includes transparent governance, strong institutions and appropriate laws. Indeed, there should be an enabling environment for enterprise development – and this implies protection from volatile portfolio investment as well as incentives for human resource development. Policies should promote comparative advantage in a changing global economy. Employment strategy is to increase skill development for higher technology – and this will involve decisions about government expenditure on education and training as well as policies for promoting direct foreign investment.

Rapid economic growth without employment promotion policies, human resources development and social protection schemes leaves economies such as Thailand's vulnerability to severe economic downturns. An important part of job creation through enterprise promotion will be expanding micro-, small and medium-sized enterprises by providing services and infrastructure to improve productivity and profitability. Tapping the potential of the informal sector to provide jobs and income should be part of business development efforts. In an effort to cushion the social impact of the economic crisis, governments in the region launched job creation programmes combined with community development initiatives. Moving out of the crisis, these programmes should be reassessed in terms of their contributions to sustainable employment and community development. Public employment services will need to be strengthened to provide additional services and conduct policy analysis. In particular, internal management information systems need to be strengthened. The social costs resulting from massive layoffs and reduced income of the economic crisis point to the need to improve social protection. A number of questions have been raised about minimum wages in terms of levels and mechanisms. While recent studies have shed light on some of the issues, it will be necessary to obtain additional information to enable countries to select appropriate policies for sustained economic recovery. This will require better information about decentralized decisions and enterprise incentives.

Migration policies should be considered in development plans for human resources. The highest priority should be given to measures aimed at eliminating trafficking of women and children. More generally, steps should be taken to ensure that the equality and treatment

of men and women enshrined in law is implemented in national policies. In order to shift the structure of production and exports to products with higher value added, it will be necessary to enhance the skills of workers with better education and training. This requires national strategies and coordinated policies. Social dialogue makes for better employment decisions. Systems of industrial relations need to be strengthened through better tripartite machinery and bipartite relations. Serious weaknesses in information and analysis used for labour market policies will have to be addressed.

The World Bank and IMF have endorsed proposals to place poverty reduction at the centre of concessional assistance for low income countries through country-owned poverty reduction strategies reflected in a Poverty Reduction Strategy Paper (PRSP). The ILO Director-General has stressed that the best route out of poverty for the majority of the poor is through decent work. The pursuit of the decent work agenda, in close cooperation with governments, workers' and employers' organizations, as well as with the ILO's other national and international partners, should bring an important perspective to the fight against poverty. The ILO's work in the areas of fundamental rights at work, employment promotion, social protection and social dialogue can contribute to the development of PRSPs by helping to strengthen national participatory processes and by identifying policies and actions appropriate in individual country circumstances. Among the seven countries identified for this programme three are in the Asia and Pacific region: Cambodia, Nepal and Pakistan.

What do active labour markets require?

Ideally, market forces should balance labour supply and labour demand. In a "perfect" competition scenario, labour markets work to determine wage rates and employment levels. On the demand side employers make choices concerning the levels of output, the use of technology and the mix of resources. On the supply side workers also make choices about whether to look for new jobs, to move to another location, and to acquire more education and training. In making these decisions employers and workers are believed to weigh the costs and benefits of the choices they make. Employers seek to produce at least cost, while workers look for the highest earnings. In a competitive economy labour market outcomes distribute income and products among members of society. Labour markets move workers and determine remuneration among various sectors, occupations and regions – and income is distributed to labour market participants. In practice, however, the process of adjustment may be

slow and inefficient. Economic crises, structural change, political uncertainty and armed conflict, *inter alia*, give rise to unemployment and underemployment. Discouraged workers discontinue their job search or leave the labour market. In order to correct imbalances, distortions and imperfections, governments intervene to deal with market failures, address unequal opportunities and improve income distribution. Targeted interventions are also used to alleviate poverty and combat discrimination. In addition to general strategies for growth and development, active labour market policies are designed to improve the functioning of labour markets. These may be used to improve outcomes in terms of efficiency, growth, equity and social justice.

Active labour market policies require measures for human capital, job creation and matching services. On the supply side this means training and retraining, guidance and counselling, job placement and labour mobility. On the demand side, active labour market policies require job creation and public works, subsidizing wage employment, promoting self-employment, supporting small enterprises, promoting the private sector and encouraging community development through local initiatives. Job brokering is designed to help: men and women find a first job; enterprises to find suitable workers; employed people to change jobs; and the unemployed to find new jobs.

During the Asian crisis countries in the region used these policies to address the serious issues of unemployment and underemployment. Areas for improvement include better coordination among offices and agencies that put the various components of ALMPs into effect. Ministries of labour could, for instance, benefit from better internal coordination. There also appears to have been a fragmentation and overlap of policies and programmes carried out by different ministries. Other difficulties arose from design and targeting of programmes. These problems point to a need for capacity building for policy-makers and labour administration. In addition, government, employers and workers expressed a need for improving labour market information systems.

The ILO and the World Bank have promoted ALMPs in post-crisis recovery in the Philippines, for instance. This approach has also been found to be relevant to other kinds of crises such as natural disasters and armed conflicts, when unemployment, especially of young people, soars, e.g. recent experiences in East Timor and the Solomon Islands.

Integrated approaches through country reviews

For some time the ILO has been promoting integrated approaches to employment and labour through its country objectives and multidisciplinary teams. As a follow-up to the World Summit for Social Development the ILO has undertaken a number of Country Employment Policy Reviews (CEPRs) aligned with the ILO Employment Policy Convention, 1964 (No. 122), in consultation with governments, workers and employers. Within the region these reviews have been undertaken in Nepal, Thailand and Pakistan. A review is currently under way in Yemen, encompassing wide-ranging issues such as the reform of the legal framework, the design of an SME-led strategy for employment promotion and the reform of social security schemes. The policy review in Thailand reached beyond issues traditionally designed for employment promotion and labour markets to include a wider range of policies as part of its focus on decent work and international competitiveness. It covered social protection and social dialogue as essential elements in employment policy. Labour standards together with gender concerns were important cross-cutting issues. Thus, the Thailand CEPR serves as an example for the Decent Work Pilot Programme and the Regional Decent Work Team⁸ that is now being introduced to promote an integrated approach to the ILO's four strategic objectives: promote and realize standards and fundamental principles and rights at work; create greater opportunities for women and men to secure decent employment and income; enhance the coverage and effectiveness of social protection for all; and strengthen tripartism and social dialogue.

In addition to comprehensive tripartite country reviews the ILO has worked through consultations to identify policy priorities and develop policy frameworks in the region. For example, as part of the follow-up to the World Summit for Social Development and in order to enhance the capacity of constituents to contribute to long-term sustainable growth in the region, the Regional Office for Arab States organized a "Regional consultation on employment: Follow-up to the World Summit for Social Development" in 1999.

⁸ The Regional Decent Work Team is temporarily organized and is located at the Regional Office for Asia and the Pacific (ROAP) in Bangkok. It is composed of four specialists. Each member is invited to make general comments or report in a specific field when required by the Regional Director.

Box 2.6. Thailand Country Employment Policy Review (CEPR): Central themes

The central themes running through the CEPR are decent work and international competitiveness. The review suggests that labour market institutions must be strengthened to ensure decent work opportunities. As additional jobs will, in the future, be in private businesses rather than the public sector, enterprise promotion is of crucial importance. The Government has mobilized resources for social investments and job creation to cushion the impact of the economic crisis. These should be integrated with parallel efforts for community empowerment. Social protection measures must be identified and implemented. Human resources devel-

opment is a key element in Thailand's competitiveness and ongoing reforms in systems for education and training should address these issues. A greater role for training in private enterprises should be a major priority. Strengthening tripartite institutions and bipartite relations is the key to effective social dialogue for increased productivity and decent work. A number of measures including legislative reforms are proposed. Finally, an improved labour market information system is required to produce a sound base for labour and social policies. The existing system needs strengthening to meet this need.

Source: ILO: *Decent work for all: Targeting full employment in Thailand*, Country Employment Policy Review (Bangkok, ILO/EASMAT, 2000).

Box 2.7. A national strategy to promote female employment in Yemen

In Yemen, the ILO has sought to develop a policy framework for female employment. A national working group, including tripartite partners, line ministries and the NGO sector, was set up to develop a comprehensive national strategy for female employment. This consultative process culminated in a

seminar to obtain a national consensus. The seminar was inaugurated by the Prime Minister and the strategy received the official endorsement of the Yemeni Cabinet of Ministers. The ILO is currently assisting the Government in the implementation of the strategy.

The role of systems for information and analysis

In order to formulate effective policies for the labour market, channel investment resources into human development and develop appropriate technology for productive output in a competitive economy, it is essential to have an effective labour market information system. Policy-makers require timely, reliable and accurate information about trends in employment, unemployment and underemployment. They need information to analyse labour supply and labour demand as well as to implement active labour market policies that place new entrants in productive work and displaced workers in new jobs. Em-

ployment services require information to match job applicants with notified vacancies. They also use information about business, training and credit to open opportunities in self-employment. Improved information is necessary to assess the benefits and costs for government and society in strengthening systems of social protection for workers associated with unemployment, illness, accidents, death and disability. Potential investors require information about job skills, wage rates and labour legislation. Vocational trainers require labour market information about skill requirements and labour demand.

The economic crisis has highlighted some of the strengths and weaknesses of labour market information systems in the Asia-Pacific region. Efforts to analyse the causes of current economic conditions and suggest solutions for the labour market problems have alerted users to shortcomings in the information being produced and disseminated by various agencies. Better labour market information is re-

Box 2.8. Some ILO initiatives to improve labour market information in the Asia-Pacific region

Labour statistics:

- Labour force surveys in Nepal and Viet Nam
- Improved labour force survey in Thailand
- Reviews of labour statistics in Cambodia, China, Nepal, Thailand, Viet Nam
- Update and review of labour statistics, Lebanon
- Manpower survey in the agricultural sector in the Syrian Arab Republic
- Advice on labour force survey in Qatar
- Review of methodology for estimate of unemployment rate in Jordan

Labour market information systems (LMIS):

- Training for labour market information and labour market analysis in Thailand
- Improved labour market information for urban employment promotion in China
- Use of wages statistics for collective negotiations in China
- Labour market information for employment services in Viet Nam
- Electronic labour exchange in Malaysia
- Harmonizing LMIS in GCC States
- Building LMIS with the Palestinian Authority

Labour market information proposals:

- Improved establishment-based surveys in China, Thailand and Viet Nam
- Improved statistics based on administrative records in Cambodia, China, Mongolia, Thailand and Viet Nam
- Improved labour market information system for Viet Nam
- Training for labour statistics in China
- Training workshop on labour market information and information technology development in Malaysia
- Labour force survey in Mongolia

quired to analyse trends in the quantity and quality of jobs and assess performance of the economy. This information is also essential for evaluating existing and planned programmes for job creation, enterprise development, employment services, skill development and social protection and for promoting social dialogue. It is necessary to enhance the capacity of agencies to formulate plans and policies for the future, taking into account the principles of the Employment Policy Convention, 1964 (No. 122), and the Labour Administration Convention, 1978 (No. 150).

In West Asia, the development of labour market institutions and the enhancement of the institutional capacity for labour market analysis and monitoring are considered a high priority by many constituents in the region.

Discussions indicate that labour market information is sometimes understood to be statistics rather than a broader concept that includes both qualitative information and quantitative data. These sources are complementary. In addition to improved information there is an expressed demand for enhanced capacity for better analysis of such information. Moreover, the demand for information extends beyond general profiles of the labour market to specific information on target groups in local areas, so that government agencies and workers' organizations can channel support to those people in need of assistance.

The International Labour Office has played a role in assembling and disseminating a set of timely information and relevant statistics through its Key Indicators of the Labour Market (KILM). These are designed to monitor national, regional and global employment trends and to encourage decision-makers to use better information for improved policies. Within the region several countries have shown an interest in developing labour market indicators to enhance national databases and improve international comparisons. The importance of selecting labour market indicators was evident during the Asian economic crisis. Box 2.9 gives the example from Thailand.

Employment services in the region are increasingly using on-line services to provide information about job openings and job vacancies, facilitating the placement of women and men into jobs. These services might be expanded to include information about new opportunities in self-employment. Electronic databases can be used to improve the internal management of employment services and to identify better policies for labour markets.

Box 2.9. Selection of indicators and crisis in Thailand: Open unemployment rates versus real wage earnings

The significance of selecting labour market indicators to measure labour market outcomes is clearly demonstrated in the case of the Asian economic crisis in Thailand. If rates of unemployment are used to measure the impact of the crisis on workers in Thailand, they show that the effect was progressive in the sense that higher income groups suffered more than lower income workers. Unemployment rates increased more in urban areas than in rural areas, more in Bangkok than elsewhere, more among prime-age workers rather than young jobseekers and more among better-educated workers than less-educated persons. However, if real aggregate wage earnings are used to measure the

impact, the assessment is reversed. Poor workers suffered most from the economic crisis. Wage earnings decreased more in rural areas than in urban areas; more in the poorest regions such as the north-east rather than in the richest regions such as Bangkok. Young workers were hit harder than adult workers. The decline in real earnings was greater in the private sector than in the public sector and for small enterprises than for large firms. The shift of wage earnings was from lower income work to higher paid jobs. Only in the case of gender distribution did the income effects lead to a more equal distribution of wage earnings.

The role of employment services

The main functions of employment services are matching jobseekers and job vacancies; producing and disseminating labour market information; implementing active labour market policies; administering unemployment insurance schemes; paying or authorizing payment for unemployment benefits; and regulating private employment agencies. Additional services include conducting training courses; operating production units; and administering programmes for overseas employment of domestic workers.⁹

Public employment services generally register and place a small proportion of jobseekers. The employment workshops recently conducted by the ILO in the West Bank and Gaza are an example of efforts to strengthen the capacity of these services. The workshops focused on the current status, service development and officials' opinions of employment services. Furthermore, a guide for public employment services was prepared to familiarize officials with the structure and work of employment offices as well as with labour forms, classification systems, placement services and data coding.

⁹ R. Heron: *Employment services: An introductory guide* (Bangkok, ILO/EAS-MAT, 1999).

Box 2.10. Unemployment insurance system in the Republic of Korea

In 1995 the Republic of Korea introduced an Employment Insurance System (EIS) that combines traditional unemployment benefits programmes with active labour market policies. The EIS has played a significant role in reducing unemployment by carrying out various policy measures in programmes for employment stabilization, skills de-

velopment and unemployment benefits. The EIS became increasingly important during the financial crisis.

The principal components of the EIS are: (i) employment stabilization programme; (ii) job skill development programme; and (iii) unemployment benefits.

See Kil-Sang Yoo: *The employment insurance system in Korea* (Seoul, Korea Labour Institute, 1999).

Unemployment protection is often linked to active labour market policies. In this case, employment services are an interface between public assistance and displaced workers. Unemployment insurance may be linked to participation in active job search, vocational training programmes or job counselling services. Ideally, unemployment protection should be complementary to programmes designed to place people in sustainable employment. The objective is to maintain incentives that move women and men into productive employment while protecting them from vulnerabilities of open – and, hopefully transitional – unemployment. Likewise, social assistance paid on a temporary basis is no substitute for unemployment protection linked to active policies. The Asian crisis has demonstrated that rapidly designed safety nets cannot substitute for fully integrated social security systems and anti-poverty policies. Once again, the primary focus should be to generate full employment. Employment services should be a repository of information about local policy successes and international best practices among active labour market policies.

The reform of state-owned enterprises: The economies in transition

Reforms of state-owned enterprises in transition economies create serious difficulties – most notably in terms of redundant workers and massive layoffs. Changes in the structure of the economy are reflected in the demand for labour. Serious dislocations follow from changes in the composition, form and quality of jobs. Weak labour demand and high unemployment rates may lead to lower participation rates. Long-term unemployment, sharp regional disparities, seri-

Box 2.11. The employment implications of economic restructuring in the Republic of Korea

Responding to the Asian economic crisis, the Republic of Korea decided to undertake structural reforms beginning with the financial, corporate, labour and public sectors. The directions and priorities for a reform agenda were determined through tripartite consultations. Labour policies are intended to reduce unemployment and introduce measures to increase labour market flexibility, strengthen workers' rights and expand a social safety net. Despite an early recovery from the economic crisis, continued job losses have resulted in social conflict. Labour disputes have continued despite an increased awareness about the roles of tripartite consultations, voluntary cooperation and industrial relations.

The unemployment rate is expected to be 4.4 per cent in February 2000 – down from a 17-year peak of 8.6 per cent in February 1999. Yet corporate shutdowns and layoffs in financial institutions are expected to contribute to rising numbers of unemployed workers. In addition, new entrants of college graduates and winter slowdowns in the construction sector add to the jobless total. With the number of unemployed rising to almost 1 million, the Government is attempting to deal with the painful costs of economic restructuring and the strong resistance of labour unions.

Since the beginning of the crisis, tripartite commissions have been convened with the participation of the Government, the Federation of Korean Trade Unions (FKTU), the Korean Confederation of Trade Unions (KCTU) and employers' associations to discuss a wide range of issues including macroeconomic policies, price stability, corporate management, national competitiveness and social security.

Measures to tackle unemployment include: providing employment maintenance assistance; placing displaced workers in new jobs through referral services and vocational training; creating short-term employment opportunities; and expanding social safety nets. Opportunities are provided to unemployed not covered by employment insurance – including new entrants to the job market. Programmes also include assistance for unemployed persons to set up their own businesses.

Key components of unemployment measures in the Republic of Korea include: job retention subsidies; job placement support for unemployed persons; vocational training for improved employability; special allowances and household loans to maintain minimum living standards; protection against wage arrears and of retirement pay; special unemployment measures in the winter for construction workers and new entrants.

Source: KOILAF: *Employment stabilization policy measures*, summary of corporate restructuring and employment stabilization policy released in November 2000 by the Ministry of Labour [<http://www.koilaf.org/publications/2000-13.html>].

ous wage arrears and low real incomes are likely to result. Reduced wages affect purchasing power, aggregate demand and economic growth. Skill mismatches place a strain on systems for education and training.

Box 2.12. Improvements in the working environment through I-WEB in India

Clusters of micro- and small enterprises based on traditional artisan skills have experienced growth in their activities due to their linkages to the exporting organized sector. However, the adverse working environment in these clusters is the result of increased activities generated by such linkages and competitive pressures on traditional

technology and skills. The ILO has initiated a pilot programme of small-enterprise development and improved working conditions by utilizing its tool, I-WEB (Improve Your Work Environment and Business) in a brassware manufacturing cluster in Moradabad, India.

The informal sector as a survival strategy or business opportunity

“The greater part of the informal sector consists of subsistence-level production units and activities, motivated by the need for survival and characterized by low levels of income, productivity, skills, technology and capital, and weak linkages with the rest of the economy. However, it has also been observed that there are modern and dynamic segments of the informal sector which are capable of generating significant growth, higher incomes and job creation and/or having linkages to the emerging market and formal enterprises, in particular those associated with new technologies in information and communications.”¹⁰

The informal sector has thus been viewed as both a catch-all for economic downturns and a potential seedbed for business development. More recently, new forms of self-employment and subcontracting arrangements have been developed by the formal sector to reduce costs and avoid regulations. Home-based women workers figure importantly in these strategies. In the informal sector of many Asian countries, women form the majority of subcontracted and own-account workers – at home, on the streets or in small production units known as sweatshops. Many of them are homeworkers, as defined by the ILO Home Work Convention, 1996 (No. 177), producing goods or services at the end of the subcontracting chain. The existence of informal activities that are closely linked to the formal sector through production chains has complicated recent assessments of the informal sector’s role in responding to the Asian economic crisis. To the extent that the informal economy together with the agricultural

¹⁰ ILO: *Concept paper*, Informal Sector Task Force (Geneva, 2000).

sector is a survival strategy and a safety net, it is counter-cyclical by expanding while the economy is contracting. Small, and even micro-, enterprises tend to expand as part of growing economies, while the survivalist components of the informal economy tend to expand during economic down-turns and crises. Furthermore, the component of the informal economy that is tied to the formal sector through home-based workers, especially homeworkers and out-workers, appears to follow a pro-cyclical trend.

A majority of governments in the region actively promote home work among disadvantaged groups in urban and rural areas as an important means of poverty alleviation and socio-economic development. Home work enables women to cope with responsibilities for work and family – albeit often at the cost of seriously increased stress. Earning their own income may lead women to play a greater role in decision-making for families and communities. However, the link between economic opportunities and social empowerment is not automatic. Many women work long hours in unhealthy conditions for little pay. Increasing numbers of women are joining the ranks of homeworkers in countries affected by the crisis or in economies in transition.

The Self-Employed Women's Association (SEWA) in India helped lead the 16-year-long international campaign to gain rights for home-based workers equivalent to those for formal sector workers – which led to Convention No. 177. While none of the countries in Asia has ratified the Convention, several initiatives are being taken by governments and organizations to implement its provisions, including development of national policies and promotion of self-help organizations for these predominantly female groups.

Box 2.13. Providing a voice and protection to homeworkers in Thailand

The Government of Thailand promotes home work, but at the same time intends to protect the workers in this sector. Following the provision of training to homeworkers for several years, the Ministry of Labour and Social Welfare has established a Product Promotion Centre in Bangkok and is now setting up centres for the promotion, development and protection of home work in ten provinces. HomeNet Thai-

land, a network of NGOs, village occupational, savings and/or housewives' groups, cooperatives and some unions have organized to ensure that homeworkers have a voice in policy debates. Technical and financial support is provided by the ILO to assist in efforts to improve protection of homeworkers in fields such as provision of legal aid, improvements in occupational safety and health and extension of social security.

Box 2.14. Resource centre for women entrepreneurs in China

During 1999 and 2000 the ILO assisted the Chinese employers (CEC/CEDA) to develop background documentation for the establishment of a resource centre to assist women entrepreneurs' associations. Such an initiative is intended to help the employers' organization to play an active role in

promoting decent work opportunities for women in establishing and running their own businesses. In December 2000, the ILO provided assistance to CEC/CEDA to enable them to develop a work plan for the first three years of this proposed resource centre.

For several years the ILO in the Asia-Pacific region has been supporting enterprise development and entrepreneurship for women. Based on the lessons drawn from these earlier programmes, the ILO is currently undertaking a project to enable national employers' organizations to play an enhanced role in supporting and promoting women's entrepreneurship development.

***Small business, self-employment and cooperatives:
Ways out of informality***

The basic features of self-employment creation schemes are that they are designed to provide training opportunities, complementary resources and a supportive environment for establishing and improving small businesses of target groups. The aim is to increase productivity through asset endowment, credit provision, skill formation and entrepreneurship training. Microfinance is intended to support participatory efforts for developing rural banking and micro-enterprises aimed at generating income and savings; it is also used to increase household food security. Common problems are inefficiency in targeting and lack of prerequisites such as existing organizations, marketing infrastructure, business experience and supporting services. Key benefits can be employment creation and income generation on a sustainable basis; increased consumption and greater savings; group consciousness among target groups; increased participation of rural women and young people; and better use of banking facilities.

Over the years the ILO has developed a Start and Improve Your Business (SIYB) package for practical management of small businesses. Training materials include three components: (i) Know About Business (KAB) aims at creating awareness of entrepreneurship and self-employment as a career option, particularly for trainees in vocational and technical training institutions. It provides knowledge of the required attributes and challenges for starting and operating a suc-

Box 2.15. Private sector initiatives in the economies of the Pacific Islands

Most jobs in the Pacific Islands have to be created through strengthening private sector initiatives. These initiatives, given the small scale of the economy, would in most cases take the form of establishing small and micro-enterprises. Informal sector development is a key in the process of creating quality jobs both in rural and urban centres. Self-employment and community-based training are effective forms of intervention in creating jobs in a sustainable manner in societies which are culturally favourable. In promoting micro-enterprises, a gradual trend of development should be assured, so that small and micro-enterprises can grow to become medium-sized enterprises in the future.

The review of policy and the determination of a definition of small micro-enterprises, as well as the creation of an environment for their growth, is vital. In this regard, the review of regulatory

provisions or deregulation, credit facilities, institutional support, introduction of business incubators, the provision of direct and clinical support and other measures will be essential for the healthy growth of small businesses and the informal sector in the South Pacific region.

Cooperatives now play an insignificant role (except in Fiji) in the promotion of employment in the subregion. The revitalization of the cooperative movement in the subregion is being sought by many governments. Cooperative policies have been reviewed. Introduction of a successful model for cooperatives is an area which is being considered by a group of countries (Fiji, Kiribati, Solomon Islands, Samoa, Tonga, Vanuatu and Papua New Guinea) after the successful implementation of an ILO subregional project on cooperative development.

successful business; (ii) a Start Your Business (SYB) package develops skills necessary for starting a small business. It uses participatory training methods and brings together basic theory, relevant information and practical activities. The course is a cost-effective means to help potential entrepreneurs think systematically through the most important issues related to starting a business. One practical result of the training is a business plan for potential business, in a form that can be presented to a credit institution; and (iii) Improve Your Business (IYB), a separate but interlinked component that can supplement the SYB training. The IYB basics cover essentials of basic business management such as marketing, costing, pricing, basic record keeping, buying and selling. The materials are flexible and adaptable to the specific training needs of the target group. The manuals use a learning methodology specifically developed for small business owners with relatively low formal education. Topics are presented using step-by-step explanations with illustrations of “real-life” situations.

Box 2.16. SIYB and VCCI in Viet Nam

In Viet Nam the ILO is executing a project on Start and Improve Your Business (SIYB) with funding from the Swedish International Development Association (SIDA). The counterpart is the Viet Nam Chamber of Commerce and Industry (VCCI). The project responds to the recent identification by the Government of micro- and small enterprise (MSE) development by providing train-

ing and support in small business management. The project now includes institutional support building for VCCI to operate as the focal point for SIYB in Viet Nam and research and policy guidance to support VCCI's efforts to improve the policy and regulatory environment for household and micro-enterprises.

Box 2.17. SYB, IYB and EYB in Jordan

The Government of Jordan was able to establish, with the technical and financial assistance of the USAID, a sustainable microfinance sector to facilitate creation and proliferation of micro- and small enterprises. Nevertheless, it was soon recognized that in order to strengthen the MSE sector, there was a need for a high-quality, cost-effective training and non-financial support programme focused on the specific needs of Jordanian MSEs. The ILO was thus invited by the Government, UNDP and USAID to implement a comprehensive programme of support to business training for micro- and small enterprises in Jordan. The Jordanian project for-

mulated and implemented by the ILO analysed the training and support needs of Jordanian MSEs and, on the basis of its findings, developed a comprehensive programme of training and support by adapting, re-developing, and translating into Arabic the ILO's Start and Improve Your Business training and support packages. In addition, the ILO executed project is currently developing a new training and support package entitled Expand Your Business (EYB) for growth-oriented micro- and small entrepreneurs who intend to realize their exceptional growth potential and, in this way, contribute to the creation of more quality jobs.

In view of the large number of unemployed and underemployed and the limited employment opportunities in the organized sector, a great deal of emphasis has been placed by the South Asian countries on self-employment in micro-enterprises and job creation in small enterprises. Self-employment in micro-enterprises, particularly in the informal sector, has been a natural phenomenon in the absence of other forms of employment. Nonetheless, differing programmes have been launched with varying levels of success to stimulate employment creation in micro- and small enterprises (MSEs). The question, however, is to what extent such jobs have been decent, productive, remunerative and sustainable.

Box 2.18. Indigenous and tribal programme in India

INDISCO-India is a part of the ILO's interregional programme to support self-reliance among indigenous and tribal communities through cooperatives and self-help organizations. Indigenous and tribal people, who comprise over 8 per cent of the country's population, risk losing their skills and livelihood with the rapid economic change. Subsequent to a Needs Assessment Survey in 1993, the ILO has undertaken pilot projects in the predominantly tribal regions of Gujarat, Madhya Pradesh,

Bihar and Orissa. Focusing on self-employment opportunities through Natural Resource Management and farm and off-farm income generation, job creation has been the main focus in these pilot projects. Based on important lessons learned during the pilot phase, the ILO is seeking to develop the models of self-employment initiatives among tribal people by linking grass-roots experiences with the policy environment.

There is no denying that MSEs have created the largest number of jobs in South Asia. As much as 80 per cent of the non-farm employment in India is in the MSE sector; however, it has contributed only 7 per cent of the GDP. Similar situations exist in other countries of the subregion. What remains uncertain is to what extent low productivity results from subsistence activities under competitive pressure and to what extent it results from policy choices and the regulatory environment. The issue of job quality remains a serious concern; low incomes and a poor working environment are compounded by a lack of social protection.

The low incomes of workers and their families in micro-level economic activities in the informal sector compel them to work excessive hours to survive. They are left with very little time and ability to access technology, credit and markets unless they are organized in cooperatives. This is particularly true in rural areas, where technology, credit and markets tend to be far removed from the centre of activity. In the central province of Uva in Sri Lanka, an entrepreneurship development programme in the rural sector is being implemented by means of the ILO strategy assisting the cooperatives movement. While the promotion of cooperatives for this purpose is a good example of a response to this need, there are other successful responses, e.g. through the use of the I-WEB being promoted in India (see box 2.12).

Similarly, the indigenous and tribal populations who are heavily dependent on natural resources and traditional skills, increasingly find themselves without adequate resources and means for survival as modern development activities encroach on their sources of live-

lihood. The ILO has implemented programmes to help workers engaged in marginal economic activities to form cooperatives.

Important issues in designing programmes for employment promotion include: efficiency; targeting strengthening institutions; replication; sustainability; and monitoring and evaluation. Experience shows that many programmes have bypassed the core poor. Targeting efficiency may be improved through clear selection criteria; a better information base; self-targeting measures; and participatory selection procedures. Strengthening and linking of institutions is undertaken by means of encouraging group activities and cooperative enterprises as well as linking government agencies, non-governmental institutions and target groups. It goes without saying that replication of successful initiatives increases the usefulness of pilot projects. However, identifying the elements of success is not easy.¹¹ The following are associated with sustainability: gender sensitivity, capacity building, self-reliance, commercial viability, mainstreaming programmes, local resources, creating linkages to regular programmes, participatory approaches to programme management, and “threshold” levels of loanable funds. Monitoring and evaluation should be a regular component of all special employment promotion programmes. This requires better information systems such as benchmark surveys, performance indicators, feedback mechanisms and participatory evaluation.

Migration for employment: A particular challenge for the decent work agenda

South Asia has continued to rely on the Middle East for labour emigration except for Bangladesh, which has also tapped the Malaysian demand to some extent. Given the vast borders in the region, migration and trafficking across borders are common in the Indian subcontinent, with India and Pakistan as both source and destination countries. Sri Lanka is the only South Asian country in which the bulk of migrant workers – mostly domestic workers – are women. The outflow of skilled labour from South Asia is on the rise with the liberalization of labour markets in developed countries, especially for workers with IT skills.

Temporary migration flows in South-East Asia have changed from a Middle-East driven flow to an intra-Asian one. The Philippines and Indonesia represent the major senders while East Asia (Japan, Taiwan

¹¹ Some lessons for anti-poverty programmes are outlined in the following publication: M. Lipton: *Successes in anti-poverty* (Geneva, ILO, 1998).

(China), Hong Kong (China) and the Republic of Korea), Singapore and Malaysia represent major destinations. Thailand also has become both a major labour-sending and labour-receiving country in the past decade. In the South Pacific the continuous movement – especially of young workers – from the smaller islands to Australia and New Zealand is well documented. Facilitated by common cultural and linguistic factors, the numbers of Arabic-speaking migrant workers within the Middle East far exceed those of workers coming from outside that region.

The major problems and key issues in the region pertain to the following: high incidence of irregular migration; trafficking, especially of women and children across borders; managing of migration flows and migration policies; and the protection of basic rights of migrant workers. The largest number of irregular migrants are found in Malaysia (from Indonesia) and Thailand (from Myanmar) among countries in the subregion.

“May I help to build your country?” The advantages of migration for recipients

Benefits of migration cannot be conceived as a one-way flow favouring the sending country alone. Yet receiving countries rarely mention the positive contributions made by migrant workers to their economies and societies. “What most people forget is that migrant workers have generally made a positive contribution to the host countries, both in terms of socio-economic development and in providing labour for jobs which the local people did not want to do.”¹² All migrant workers, irrespective of their status, contribute to the economic prosperity of the host society. Businesses and employers in host countries reap enormous profits by exploiting migrant workers, especially irregular workers.

The brain drain of highly skilled migrants is a major loss of the investment in human resources made by the home country and a windfall gain to the host country. At present, such migration is on the rise with many developed countries liberalizing the entry of skilled workers, especially IT workers. Receiving countries also gain by the rising labour force participation of women that is made possible by the engagement of foreign domestic workers. Some labour-receiving countries earn sizeable revenues through levies on firms employing

¹² ILO: *Protecting the least protected: Rights of migrant workers and the role of trade unions (guidelines for trade unions)*, Bureau for Workers' Activities (ACTRAV), Interdepartmental Project for Migrant Workers, 1994-95 (Geneva, 1996).

foreign workers, the burden of which may partly or fully be passed on to the workers themselves. Malaysia and Singapore are examples of countries using selective levies.

“Please go home”: The social and political problems of migration

In Asia, migrant workers are regarded as strictly temporary workers with no rights of residence, even if they have worked for many years in the host countries. Some concessions or exceptions are made in the case of highly skilled workers in countries such as Singapore. On the other hand, north Asian countries still pursue a policy of non-admission of unskilled workers for employment despite pronounced labour shortages of such workers.

During the Asian economic crisis, many migrant workers found themselves unwelcome guests in the host countries. Major labour-receiving countries in the Asian region announced plans for mass deportation of irregular workers and non-renewal of contracts for regular migrants. Yet actual repatriations were lower than expected given the reluctance of local unemployed workers to go into low wage jobs vacated by foreigners. Countries with no regular admission policy for unskilled workers generally connive at the presence of irregular workers within their borders and enforce crackdowns during times of recession. Most problems in migration in Asia stem from irregular migration and trafficking which expose migrant workers to the worst forms of abuse and exploitation. Even regularly admitted workers do not enjoy rights of equal treatment and social security with national workers in most countries.

The protection of migrant workers is compromised by the fact that neither major labour-sending countries nor labour-receiving countries in the region have ratified ILO Conventions on migrant workers. Only New Zealand and Malaysia have ratified the ILO Migration for Employment Convention, 1949 (No. 97), and the latter in respect of the State of Sabah only.

Can migration be organized better? The ILO and the IOM

The management of migration flows and adoption of credible migration policies is a major challenge for countries in Asia. It is clear that everything cannot be left to the market. While the private recruitment industry has contributed much to expansion of migration in the region, it is also responsible for numerous malpractices in the form

Box 2.19. A study of the *kafeel* system in Kuwait

There is growing concern over the existence of surplus foreign labour in Kuwait. At the request of the Kuwaiti Government, the ILO has launched a study and survey which is designed to find viable alternatives to the current re-

cruitment system (*kafeel*, or sponsor system), which was established as the main mechanism for bringing in and supervising the employment and stay of foreign workers.

of excessive fees levied on workers, contract substitution and outright fraudulent practices. Bilateral labour agreements between countries are highly desirable to prevent such abuses; yet few labour-receiving countries are willing to use such instruments. The ILO is assisting countries in the development of policies for more orderly migration at national and regional levels consistent with international standards on migrant workers. The International Organization for Migration (IOM) has sponsored several recent initiatives such as the Bangkok Declaration on Irregular Migration, the Manila Process and the Asia-Pacific consultations, which serve as consultative processes on sensitive migration issues. The trade union movement in the region is also taking a greater interest in ensuring the protection of migrant workers as reflected in the commitments made at the ILO Asia Pacific Symposium on the Role of Trade Union Organizations on Migrant Workers, held in Kuala Lumpur in December 1999.

Looking forward***Training needs in a global economy***

New strategies and methodologies for skills training must be developed to address the challenges of rapid globalization and the information economy. These must deal with the need to develop basic skills, learn new skills, provide greater flexibility, encourage lifelong learning, create effective institutions and strengthen delivery systems. Linkages must be made between education and training and between employers and workers. This will involve greater participation by the private sector.

Building on lessons learned and best practices with an emphasis on sustainability

The challenges of restructuring and transition have pushed many workers into the informal sector and small enterprises. While opportunities are opened for jobs and income, the challenge will remain to

ensure that employment is decent and that work is remunerative and sustainable. The ILO, together with traditional constituents and other partners, should continue to identify lessons learned and best practices.

Meeting the opportunities and challenges of the new economy

The ILO and its constituents must work together with new partners in harnessing the potential provided by the new economy and minimizing the threat of a digital divide. Building on the issues and priorities such as those outlined in the *World Employment Report 2001*, countries should seek ways to use information and communications technology to move women and men into decent work.

Using multidisciplinary approaches and integrated strategies

The Country Employment Policy Reviews (CEPRs) have proved to be an effective method for setting policy priorities for employment promotion and labour markets in the region. Integrated strategies and multidisciplinary approaches that reach across the four strategic objectives of the ILO provide an effective methodology for promoting decent work. Comprehensive reviews should be continued through tripartite consultations, policy frameworks, CEPRs and the Decent Work Pilot Programme.

Addressing the demand for labour market information

Reports from the countries in the region – as well as responses to the crisis in Asia – indicate that there is a great demand for labour market information that can be used to meet the needs of public employment services as well as to identify, formulate, implement, monitor and evaluate policies for employment and labour. Governments, employers and workers have identified labour market information systems (LMIS) as a high priority.

Political commitment

This chapter has attempted to identify the factors which can enhance national and regional capacity to deal with the daunting challenges of unemployment and underemployment in an effective and sustainable way. It is recognized, of course, that achieving the objective of full – or at least fuller – employment requires not only knowledge, commitment and sustained dedication, it requires significant

investment. This can only be mobilized through a clear, purposeful and unwavering national policy commitment to do away with the tragic waste of human (and economic) potential which unemployment and underemployment constitute. It is, however, an investment which pays handsome dividends. The countries with the best training, employment services, labour market policies and social protection are the wealthiest. They do not have these programmes because they are the richest. They have generated their wealth through these programmes.

